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Singapore Carries Out Caning of U.S. Teenager

He Receives 4 Lashes for Vandalism; Clinton Calls Sentence 'a Mistake'

By Philip Shenon

New York Times Service

SINGAPORE — Michael P. Fay, the 18-year-old American at the center of a turbulent cross-cultural debate over crime and punishment, received four lashes of a rattan cane on Thursday for a crime he insists he did not commit.

The Singapore Prisons Department said the flogging, a punishment that results in permanent scars and is usually so painful that prisoners go into shock, was carried out in the prison where Mr. Fay is serving a four-month sentence for spray-painting cars and other acts of vandalism.

In a statement, the department said the 18-year-old American was examined by the prison's doctor after the caning and found to be in satisfactory condition.

The government made public no other details on the condition of Mr. Fay, who has lived here since 1992 with his mother and stepfather.

Hours before the flogging, Mr. Fay was visited in prison by his lawyers. "He is nervous and scared but is prepared to take it," Dominic Nagendran, one of the lawyers, said after the meeting. "He will grit his teeth when he is caned."

On Wednesday, the government of this authoritarian city-state turned down Mr. Fay's final plea that he be spared the flogging, but it reduced the number of lashes from six to four in what it said was a gesture of good will for President Bill Clinton, who had asked that the sentence be commuted.

In Washington on Thursday, Mr. Clinton said of the flogging, "I think it was a mistake, as I said before, not only because of the nature of the punishment related to the crime but because of the questions that were raised about whether the young man was in fact guilty and involuntarily confessed."

Mr. Fay signed a police statement in October confessing to a 10-day vandalism spree in which he and several other foreign youths spray-painted several cars, including one owned by a Singapore court officer, and tossed eggs at other vehicles. Mr. Fay also pleaded guilty to possessing stolen Singapore flags and road signs.

But Mr. Fay has since recanted, insisting

that he is not guilty. He has alleged that the confession was coerced by the police during a nine-day interrogation in which he was repeatedly punched, slapped and deprived of sleep.

The police have denied that Mr. Fay was beaten. Mr. Fay's family has said that the teenager pleaded guilty to vandalism only after they received assurances that he would not be caned.

In defending the decision to flog the teenager, government leaders here have argued that Singapore's safe streets vindicate their harsh criminal laws and tough punishments.

Opinion polls in the United States have suggested that millions of Americans, fed up with rampant crime in their own neighborhoods, believe that Mr. Fay is only getting what he deserved.

After learning that the flogging had been carried out, George Fay, the teenager's father, said in a telephone interview from Ohio that he was "relieved that this brutality is behind us" and that he wanted a doctor selected by the U.S. Embassy to visit his son as soon as possible.

"The Singapore authorities say that Mike is fine, but that's their word, and at this point in time, I'm not inclined to believe them," he said. He described the flogging as "a double whammy — first, there's the brutality of it, and second, there's every indication that there has been a miscarriage of justice."

Mr. Fay said he believed that the government had carried out the punishment hurriedly in hopes that his son's wounds would be healed before his release from prison, which is expected next month. "They don't want the world to see him limping out of prison," Mr. Fay said. "It's cynical and brutal."

According to official descriptions of a flogging, prisoners are tied by their wrists and ankles to a wooden trestle and are then struck on the bare buttocks by a four-foot rattan cane moistened with water to prevent it from fraying.

Prisoners who have been caned say the punishment, which is routine in Singapore, is excruciatingly painful and results in heavy bleeding. The government said nine other prisoners were flogged on Thursday.



An Israeli soldier in the Gaza Strip adjusting an olive branch decorating his army jeep, as the occupying Israelis prepared to pull out.

Is Self-Rule's Happy Ending Over?

By Clyde Haberman

New York Times Service

GAZA — The original screenplay called for a happy ending: two old enemies reconciled at last, emerging from long, hard negotiations arm in arm, imbued with a mutual trust once unimaginable.

But as Foreign Minister Shimon Peres of Israel observed a few months ago, the problem with this movie called the Israeli-Palestinian peace talks is that the happy ending came at the beginning, with the celebrated handshake at the White House by the two leaders, Yitzhak Rabin and Yasser Arafat.

By the time the first reel was finished on Wednesday — with final agreement on the

details of Palestinian self-rule for the Gaza Strip and Jericho — there were few illusions left about the state of relations between Israel and the Palestine Liberation Organization.

Far from producing reconciliation, the talks

had confirmed for each side some of its worst suspicions about the other.

Mr. Rabin, announcing that Mr. Arafat had asked for a few more weeks to get ready to take charge in Gaza and Jericho, all but dismissed the PLO as a band of dilettantes more concerned with symbols like postage stamps and telephone area codes than the brass tacks of

governing. The Palestinians had months to prepare but frittered away the time, Israeli officials said.

Especially galling for them was Mr. Arafat's last-minute theatrics on a Cairo stage, where suddenly he refused for a while to sign six maps that were part of the detailed, hard-won agreement.

"The level of trust will not be so high" after that performance, said Uri Dromi, a government spokesman — not that Israeli faith in the reliability of the PLO chairman was stratospheric to begin with.

For their part, many Palestinians have come away from this phase of the peace talks more

NEWS ANALYSIS

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Senior State Dept. Aide Warns White House of Pitfalls in Asia Policy

By Daniel Williams

and Clay Chandler

Washington Post Service

WASHINGTON — Five months after President Bill Clinton proclaimed the birth of a new Pacific community of interactive trade and shared interests, the State Department's senior Asia head has warned in a letter to Secretary of State Warren M. Christopher that U.S.-Asian relations are being

infected by a "malaise" of disputes over human rights, trade and other concerns.

The recent letter, by Assistant Secretary of State Winston Lord, made recommendations apparently designed to head off problems before they become acute and lengthen the administration's list of foreign-policy woes.

The message represents a sharp departure from the optimism expressed by Clinton in late November at a meeting of Asian and Pacific leaders in Seattle, where he compared

creation of the community to, among other things, the signing of the Declaration of Independence.

Mr. Lord listed several examples of a downward drift, all symptoms of the eclectic range of administration interests: the tug-of-war with China over human rights, trade disputes with Japan, arms proliferation battles with China and Thailand, endangered species disagreements with Taiwan, conflicts over workers with Malaysia and Indonesia and the controversy over Singapore's flogging of an American teen-

ager convicted of vandalism. "Some of the frictions are inevitable bumps in the road," Mr. Lord wrote. "The confidence of these individual events, however, has fostered malaise, eroding the sense of optimism and partnership forged in Seattle."

The appraisal comes at a particularly sensitive time for the administration. Within a month, Mr. Christopher must

conceded victory to the African National Congress and its president, Nelson Mandela, who will be inaugurated on Tuesday as the country's first black president.

Mr. Mandela stressed during a visit to the Soweto township on Johannesburg's outskirts that his party did not intend to rule autocratically, and he refused to speculate on the size of the party's national vote.

There was no need to speculate on the final election result, he added. "The facts will establish whether the ANC will get two-thirds," he said.

It was not clear when the vote counting would be completed. The Independent Electoral Commission, embarrassed by logistical chaos and apparently victimized by sabotage, promised only that the results would be ready by Tuesday, for Mr. Mandela's inauguration.

Figures issued by the commission gave the African National Congress 65.2 percent of the 17 million votes counted, out of a possible 23 million, for the 400-seat National Assembly.

The National Party had 20.5 percent, the Inkatha Freedom Party 7.9 percent and the white rightist Freedom Front 2.1 percent.

A two-thirds majority would in theory give Mr. Mandela's party a free hand in formulating a new constitution, which alarms the National Party and Inkatha. But the ANC would be bound by a set of constitutional principles hammered out by political parties in three years of democracy negotiations, and a constitutional court will also oversee the process.

The African National Congress has repeatedly said that it has no wish to impose its will without consultation with other groups.

The prospect of a huge victory for a party with a socialist background sent shivers through financial markets early Thursday. But they settled down later in the day with some dealers forecasting a "cordial agreement" on power sharing.

The newspaper Business Day quoted the chairman of the Electoral Commission, Judge Johann Krieger, as saying he expected the political parties to manipulate results to resolve disputes and irregularities in the voting.

"Let's not get overly squeamish about it," Judge Krieger said. He said the commission had not been asked to certify the results as accurate, but as free and fair.

Sources close to the National Party said it believed it to be inconceivable that the party had received only 3 million votes — despite the fact that blacks lived under its apartheid rule for 40 years.

They said they suspected fraud and believed the party would demand an audit of all complaints submitted to the commission on voting irregularities, if the ANC ended up with more than two-thirds and the National Party with such a small total. The commission has received about 1,000 complaints. (Reuters, AP)

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ON TO SOMETHING BIG — Police with a dog trained to sniff out explosives during training at the French end of the Channel Tunnel. President François Mitterrand and Queen Elizabeth II are to inaugurate the tunnel Friday, Page 2.

Helicopter Crash Kills 2 Near N.Y.

NORTH BERGEN, New Jersey (AP) — A helicopter crashed Thursday in a commuter parking lot near the Lincoln Tunnel, killing at least two people, authorities said. The helicopter crashed into a park-and-ride lot along Interstate 495, which leads in and out of the tunnel that runs under the

Hudson River between New Jersey and New York City. Both lanes of busy Route 3 and the New Jersey-bound lanes of the tunnel were closed because of the accident.

The crash spewed flames that set fire to at least 12 cars, officials with the Port Authority of New York and New Jersey said.

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Book Review

Newsstand Prices

Andorra...9.00 FF Luxembourg 60 L Fr

Antilles...11.20 FF Morocco...12 Dh

Armenia...1.40 CFA Qatar...8.00 Rials

Cambodia...1.40 CFA Reunion...11.20 FF

Egypt...E.P. 5000 Saudi Arabia...3.00 R

China's Reforms Could Founder In Sea of Debt

By Patrick E. Tyler

New York Times Service

WUHAN, China — When in times past a blast furnace opened at the Wuhan Iron and Steel Co. to disgorge its fiery load onto the conveyor, it was another installment in communism's social contract for the 200,000 workers, dependents and pensioners whose welfare was guaranteed by the state.

Now nothing is certain in Wuhan, and the threat of domestic political upheaval here and in the rest of China is growing.

Five state-owned factories went bankrupt last year. Plant shutdowns have idled 50,000 workers and, by some estimates, several times that number have been sent home without pay by managers slashing work forces.

A mob of pensioners recently commandeered cars and trucks to block a key bridge over the Han River to protest the erosion of their pensions by rising prices. Inflation is now running at 25 percent a year in big cities.

And the managers at Wuhan Steel have pushed 70,000 of their 120,000 workers into eight subsidiary companies and told them that they will ultimately have to fend for themselves.

To smooth the exit of the 70,000, Wuhan Steel's management agreed to pay them \$92 a month in 1993 to supplement lower wages in the subsidiary companies. The supplement dropped to \$46 a month this year, and in 1995, the last year, it will drop to \$23 a month.

"We are helping the workers mount a horse

See CHINA, Page 6

Fifty Years After D-Day



For the next two articles in this series, the subject is economics. Karl Otto Pöhl, president of the German central bank from 1980 to 1991, writes of the realities that finally came to dictate economic strategy.

And David P. Calleo, Dean Acheson Professor at the Johns Hopkins Nitze School of Advanced International Studies, puts the trans-Atlantic clash of ideals into historical perspective. Both articles appear Monday.

Not-So-Red Oskar Slams the Bundesbank

By Alan Friedman

International Herald Tribune

SAARBRÜCKEN, Germany — It's obvious that Oskar Lafontaine, an outspoken politician who is likely to be named German finance minister if the Social Democratic Party wins in October, would lambaste the economic policies of the current party in power as the root of the country's economic problems.

Quite simply, he says, the government of Chancellor Helmut Kohl has "no knowledge of economics."

But then Mr. Lafontaine reaches beyond the normal target of the opposition politician and goes after Germany's independent Bundesbank as well, saying it has been responsible for serious mistakes that have prolonged the country's recession.

Investment by German companies is being "strangled," said the deputy chief of the Social Democrats, who is also premier of the tiny state of Saarland. Consumer spending remains depressed, he added, thanks to Bundesbank obduracy about interest rates.

He singled out as especially "wrong" the Bundesbank's decision two years ago to raise the discount rate to 8.75 percent from 8 percent during a recession, and he attacked the central bank's policy since then of making only gradual reductions in rates, saying this had further contributed to Germany's economic slump.

Now that the Deutsche mark has appreciated against the U.S. dollar, he urged that the Bundesbank "take advantage of the strong mark and cut interest rates."

Mr. Lafontaine's criticism of the Bundesbank came during a wide-ranging interview at his office here, in which the Social Democrat who was once known as "Red Oskar" sounded unusually pro-business. His remarks carry special weight as he has played an important role in shaping the Social Democrats' economic policies and he was the party's candidate for chancellor in the general election of 1990.

"We have changed," he acknowledged, saying that his left-of-center party was no longer torn by internal strife and had become more pragmatic in its approach to economic policy. He added that a government led by Rudolf Scharping, the Social Democratic candidate who is running against Mr. Kohl in the October elections, would introduce programs that would be close to those of President Bill Clinton.

ANC Heads Toward Full Control in South Africa

Sharp Reaction Possible From National Party; Mandela Stresses Calm

Compiled by Our Staff From Dispatches

JOHANNESBURG — Voting results in South Africa's first all-race election continued to trickle in on Thursday and were propelling the African National Congress toward a victory of such proportions that it could be politically embarrassing.

The latest available results showed the ANC moving toward a two-thirds majority of the vote, and political sources said that could bring a sharp reaction from the National Party.

Such a lead would give the African National Party power, if it chooses, to redraft the new constitution, a prospect dismaying to rivals.

The National Party of Africa's last white president, Frederik W. de Klerk, has already

Indications are that Inkatha will score a surprise victory in KwaZulu-Natal, Page 2.

conceded victory to the African National Congress and its president, Nelson Mandela, who will be inaugurated on Tuesday as the country's first black president.

Mr. Mandela stressed during a visit to the Soweto township on Johannesburg's outskirts that his party did not intend to rule autocratically, and he refused to speculate on the size of the party's national vote.

There was no need to speculate on the final election result, he added. "The facts will establish whether the ANC will get two-thirds," he said.

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The African National Congress has repeatedly said that it has no wish to impose its will without consultation with other groups.

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They said they suspected fraud and believed the party would demand an audit of all complaints submitted to the commission on voting irregularities, if the ANC ended up with more than two-thirds and the National Party with such a small total. The commission has received about 1,000 complaints. (Reuters, AP)

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To Read This: Start at Left, Go Down, Up, Maybe

By James Barron

New York Times Service

NEW YORK — Peter Jordan is a writer. Like Ernest Hemingway, he turns out short, plain, punchy sentences. Like Danielle Steele or Stephen King, he is widely read: his last work went through several big printings.

But his success has not gone to his head. Unlike monster-salary, monster-ego authors, he is self-effacing. "When people say, 'I loved this,' I almost say, 'I'm sorry you had to read it,'" he declared.

Mr. Jordan, 34, writes instruction manuals for Sony television sets, stereo receivers, compact disc players, clock radios and videocassette recorders. His goal is to get consumers to do what many consider the impossible: set the VCR clock so that it does not flash 12:00 day in and day out. And maybe, just

maybe, program the machine to record the right channel, at the right time.

He is one of a new generation of technical writers whose assignment is to prepare manuals that users can actually use. He is not alone. Thomson Consumer Electronics, which makes RCA, GE and Proscan home appliances, hired cognitive psychologists in its quest for easier-to-follow manuals.

Writing an instruction manual may sound like a co-brainer. But universities like Carnegie Mellon in Pittsburgh now offer master's degrees (in professional writing) and doctorates (in rhetoric) for manual-writers, and just last month the Fashion Institute of Technology in New York City had more than 300 manuals on display.

Three hundred manuals, and still one can explain why following one is a no-can-do for so many people. A substantial number of VCR owners never program their machines, despite

innovations that dramatically cut the number of steps that have to be followed.

Jonathan Price, the author of several books about technical writing, says: "I've had managers from companies that make VCRs say, 'I read our manual, and I still can't set it for next week.'"

"Or phone systems. They read through pages and pages and then go blank when they have to transfer a call."

Mr. Jordan said the ideal manual would be so simple that it would make sense to someone who couldn't read. "Rather than make instructions clear in words," he said, "it has to be more intuitive. There has to be less emphasis on actual explanation. For every innovation, it takes that much more out of the instruction manual for people to read."

In other words, Mr. Jordan favors what David Peters, a

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Queen and President Shape a Golden Start for Channel Tunnel

By Barry James
International Herald Tribune

PARIS — Although most ordinary mortals will not be able to use the link for several months, President François Mitterrand and Queen Elizabeth II will formally inaugurate the Channel tunnel Friday in ceremonies on both sides of the channel.

They will gather near the historic Field of the Cloth of Gold, where English and French monarchs met in the 16th century, and declare the tunnel open in France. Then, after lunch, they will drive in the queen's Rolls-Royce to a shuttle train for the 50-kilometer, 35-minute crossing beneath the Straits of Dover to Folkestone, where white cliffs glisten across the water.

The tunnel is the most ambitious civil engineering project in Europe this century, and is the culmination of two centuries of dreams about linking Britain to the Continent by tunnel, bridge or causeway.

Technically, some argue, Britain lost its island status Dec. 1, 1990, when French and British workers first made contact in the three tunnels that make up the link. It has taken about a year longer than expected to complete the installation and equip it for traffic.

Psychologically and politically, though, Britain still tends to think like an island. It is often the odd

A Language to Avoid Cross-Purposes

International Herald Tribune

PARIS — How will the British bobbies say "ello, ello, ello" and the French flics demand "vos papiers" when the Channel tunnel opens for business?

The answer is in "PoliceSpeak," the language for cross-channel cops.

"It is not a kind of Esperanto or anything like that," said Inspector John Gledhill of the Kent County Constabulary, a keen linguist who is in charge of the PoliceSpeak project.

"It's an attempt to look at the language used in police communications that can be standardized."

The project essentially looks at which words should be selected, or rejected, to make meaning absolutely clear.

Take a word like "caution." This is the formal warning that a British policeman must give to any

arrested person that anything said from that point may be used in evidence.

But in French, a caution is a fine in one context, bail in another, or purchase deposit in a third. So this is a word that PoliceSpeak would probably leave out.

The language builds on the experience of developing AirSpeak for pilots and air traffic controllers, and SeaSpeak for maritime communications. But PoliceSpeak is more complex because of the large range of circumstances with which the police have to deal.

Meanwhile, the British and French police are also setting up a bilingual text messaging system based on computer translation. A message typed in English will emerge the other end in French, or vice versa. Again, the system — based on the experience of the Royal Canadian Mounted Police — depends on a precise use of specific language.

man out in the European Union, strongly opposes moves toward European federalism, fears it may lose its way of life and clings to the concept of a special relationship with the United States. At the same time it does more than 50 percent of its trade with its European Union partners.

For their part, the French cling to their misconceptions about the "roastbeefs" on the other side of the channel where, as the saying goes, the beer is warm and the soup is cold. The government is concerned about the invasion of

"Anglo-Saxon" culture and language and has just passed a law limiting the use of English in official communications and the media.

The newspaper Le Monde published a cartoon showing Mr. Mitterrand and the queen thapsodizing that the tunnel is "better than the ferry."

Culture Minister Jacques Toubon stands to one side, muttering that in France one says *transbordeur*, not ferry. Nevertheless, the rail service that will carry cars and trucks through the tunnel is officially known on both sides

of the channel as Euroshuttle rather than Eurotunnel.

Some of the historic national differences will fade as people realize that they will be able to leave their work at the end of the day in London and be in Paris in time for supper — or vice versa.

That day is still a ways off. The first Eurostar trains carrying regular paying passengers are not expected to run until July. The shuttle trains will not start operating on a regular basis until October. Buses and campers will have to wait until March 1995 for their

turn to use the service. Full passenger operations may not be established until summer next year.

The first to benefit from the tunnel will be the freight shippers. Trains carrying freight and a limited shuttle service for trucks may start as early as next Monday.

Eurotunnel says that the delay in building up to full operations is due to the tardy delivery of rolling stock and the need to carry out operational and safety checks.

The tunnel builders have had to haul out 10 million tons of chalk and pour in about 100 billion francs of investment since Mr. Mitterrand and Margaret Thatcher shook hands on the deal in 1986, when she was Britain's prime minister. In addition, both sides have made enormous investments in new or improved roads and France has built a dedicated track for high-speed trains from Paris to Calais.

The trains will have to slow from more than 300 kilometers an hour to about half that speed in Britain because a special high-speed track on the other side is still many years away. Its completion will cut the journey time from three hours to two and a half, making the trains even more competitive with the airlines.

The car shuttle crossings will take about one hour, including customs and immigration formalities — about the same as cross-channel Hovercraft services from Dover to Calais but about half an

hour less than the ferry crossing. Although the tunnel will be more expensive than the ferries, Eurotunnel hopes travelers will be attracted by its speed and reliability and the fact that drivers will be able to "turn up and go" without a reservation at any time of the day or night.

Eurotunnel hopes to capture at least half the cross-channel trade for passengers and goods, but its huge debt and a vigorous counter-campaign by the ferry companies cloud its financial future, according to many analysts. The inauguration did little to improve the depressed share-price, which stood on Thursday at about 40.75 francs.

Nevertheless, the director of Eurotunnel, Georges-Christian Chazot, predicted the fortunes of the tunnel would pick up rapidly once it was fully open for business. He called it "the key to the development of the United Kingdom and to a whole part of Europe."

Before leaving their respective capitals, Mr. Mitterrand and the queen will inaugurate new international terminals at the Gare du Nord and Waterloo Station. At the same time, Prime Minister Jean-Luc Dehaene of Belgium will inaugurate the international terminals at the Gare du Midi in Brussels, which will be linked to London and Paris via the high-speed train network.

WORLD BRIEFS

Clinton Sets Limits on Peacekeeping

WASHINGTON (Reuters) — President Bill Clinton has moved to rein in American involvement in peacekeeping around the world by setting stricter guidelines for involvement, the White House announced Thursday.

"Peace operations are not and cannot be the centerpiece of U.S. foreign policy," said the White House press secretary, Dee Dee Myers, in a statement on the new policy.

The chief U.S. representative at the United Nations, Madeleine K. Albright, told a House of Representatives panel that the administration had already begun demanding that operations be better thought-out before they were launched. "We are now insisting, for example, that the Security Council address the key questions of scope, mission, duration, resources and risk before, not after, new peacekeeping obligations are undertaken," she said.

American Arrested as Spy for Stasi

BOON (AP) — An American expatriate working at Germany's government nuclear research center has been arrested on charges that he spied for East Germany until 1989, security sources said and an attorney said Thursday.

The man has been identified as Jeffrey Schwartz, 52, a former sociologist. Mr. Schwartz's wife, Beatrice Altman, is also under investigation for espionage, according to Anne Riehl, her attorney.

The federal prosecutor's office said that a "Dr. S." who has worked at the nuclear research center since 1980 and before that was at a German university, "delivered a multitude of information and documents" to the Stasi, the East German security agency, from 1977 to 1989. Miss Riehl confirmed that the man was Mr. Schwartz.

Sweden, in Shift, Signs With NATO

STOCKHOLM (AP) — The government loosened up a long-standing policy of nonalignment Thursday and decided to enroll this neutral country in NATO's program Partnership for Peace.

"The parliament gave its approval and the government has taken the formal decision," said Henrik Norman, a Foreign Ministry official. Sweden is scheduled to sign a membership document at NATO headquarters in Brussels on Monday, along with its neighbor Finland, another neutral country.

So far 15 former East Bloc nations have signed the program which includes military cooperation and joint training but stops short of full membership. Sweden and Finland are the first neutral countries to sign up.

China Snubs Patten on Home Turf

HONG KONG (Reuters) — China is conducting high-profile talks with its Hong Kong ally on Governor Chris Patten's home turf this week to prepare for the colony's return to Chinese rule and to demonstrate that Mr. Patten's attempt to "go it alone" will fail, Mr. Patten and pro-democracy parties in Hong Kong have not been invited.

Overseen by Lu Ping, who is director of China's Hong Kong and Macao Affairs Office, the Preliminary Working Committee is meeting on key issues such as the future of the electoral system and civil service. This is the committee's first session in Hong Kong; it met previously in China. It consists of Chinese officials and pro-China colony residents.

Sihanouk May Seek Foreign Arms

PHNOM PENH (AP) — The United States and other nations should arm Cambodian government forces if the Khmer Rouge keeps fighting, King Norodom Sihanouk said Thursday. He made the suggestion in a talk with journalists.

The king also said that in recent fighting, Khmer Rouge guerrillas had burned down "hundreds of houses and they raped girls, even the young wives of KPNLF soldiers who were sent to Pnom Penh." He was referring to soldiers of the Khmer People's National Liberation Front, former allies of the Khmer Rouge. The Khmer Rouge president, Khieu Samphan, supported the king's proposal for a nationwide truce, but expressed doubts any cease-fire would hold.

On foreign aid, the king said that if fighting continued "then there is no other solution except for the arming of the royal army by all countries which have an interest in keeping Cambodia as one country." He mentioned the United States, France and Australia.

For the Record

Policeman digging under the kitchen floor in the former home of a suspected serial killer in Gloucestershire, England, said they had found the remains of a young girl. The discovery brought the total number of bodies discovered in the investigation to 11. It was the third excavation site in the case involving the suspect, Frederick West. (Reuters)

TRAVEL UPDATE

Ivory Coast to Lift Ban on Hunting

ABIDJAN, Ivory Coast (AP) — Ivory Coast plans to lift a 20-year-old ban on hunting game in a bid to raise tourist revenue and promote employment, the government announced Thursday.

The ban, imposed in 1974, has not achieved its aim of protecting the country's wildlife because of poaching and smuggling, the statement said. The Agriculture Ministry estimated that smuggling accounted for 65,000 tons of game each year and represented an annual tax loss of \$86 million.

Wildlife also provides food, the statement said, in part making up for shortages in meat production. The government had decided to adopt a "realistic solution," rather than put up with "unregulated slaughter, often leading to imbalances among species and even to the extinction of some of them," the statement said.

German Hate Acts Are Less Violent

The Associated Press

BOON — The federal police reported 219 crimes motivated by hatred for foreigners in March, an increase of 14 over February, the government said Thursday. But Germany's internal intelligence bureau said most of the acts were non-violent crimes like spray-painting swastikas.

Violent racist acts have declined this year, according to Hans-Gert Lange, spokesman for the Office for the Protection of the Constitution. Between Jan. 1 and April 22, there were 438 racist attacks, compared with 699 in the same period last year.

Mr. Lange attributed the decline in violence this year to more rigorous sentencing by judges, such as the life sentence handed out in December to a 26-year-old man convicted of killing three Turks in a firebombing.

Bill to Outlaw Some Uses of English Nears Approval in French Legislature

Compiled by Our Staff From Dispatches

PARIS — The National Assembly on Thursday approved a bill intended to protect the French language, introducing fines for the public use of English when a French word is available.

The measure, which imposes fines of up to 20,000 francs (\$3,500), was backed by the governing coalition of the Union for French Democracy and the Rally for the Republic. Socialist and Communist legislators abstained.

The bill, introduced by Culture Minister Jacques Toubon, now returns to the Senate for a second vote. It is virtually certain of final passage.

In the Assembly debate Wednesday, Didier Mathus, a Socialist, denounced the measure as "unenforceable" and charged that it gave the French language an image of being "narrow and defensive."

The French Academy of Sciences warned Wednesday that the legisla-

tion would "seriously compromise French scientific influence" and would also damage French culture and language in the world.

The bill stipulates that notes in French, or simultaneous interpretation, must be available at international conferences held in France and organized by French nationals.

The scientists said the law would make it practically impossible to hold scientific seminars in France for organizational and financial reasons.

The press has mocked the bill, and polls indicate that the French people have no intention of changing their English-laced speech. But for France's language guardians, it is not a joke.

"It's an extremely serious question," Mr. Toubon said Wednesday. "It goes to the heart of our country's place in the world."

A type of commercial English was spreading through France and the French were using it out of "snobbery," Mr. Toubon said.

"Let us take what we need to enrich the language from Saint-Denis rather than from Brooklyn," he argued. Saint-Denis is a working-class suburb of Paris.

The bill requires the use of French in all print and audiovisual advertising. An amendment specifically rules out using trademarked slogans as a loophole — the Nike shoe company, for example, presumably would have to translate "Just Do It" when it advertises in France.

The bill says a dictionary of 3,500 terms and technical expressions published on March 15 will be the bible for France's language police. The dictionary outlaws such English words as *airbag*, *walkman*, *crash*, *scoop* and *software*, and provides French equivalents.

The bill says French will be compulsory on public notices and in work contracts, restaurants and in public transport and during lectures and debates. (AP, AP)

Italy Rejects EU Alarm On Any Neofascist Role

Reuters

ROME — Italy's National Alliance political bureau, at a news briefing on Thursday, said the European Parliament is interfering in Italian domestic affairs after the assembly raised the alarm about the possible presence of neofascists in Silvio Berlusconi's new conservative government.

President Oscar Luigi Scalfaro, in a terse statement, in effect told the Strasbourg parliament to stay out of his country's affairs. He said Italy, a founder member of the European Community, "needs no reminders and no lessons."

The European Parliament said in a motion Wednesday that EU countries needed to make it clear to Mr. Scalfaro that the new government must "remain faithful to the fundamental values underlying the creation of the European Community."

This was clearly directed at the prospect of the National Alliance's sharing power in a coalition government led by Mr. Berlusconi.

"The fascist peril in Italy does not exist," said Gustavo Selva, a

member of the National Alliance political bureau, at a news briefing on Thursday.

"The European Parliament is interfering in Italian politics," he said. "It is not for this parliament to judge an electoral result. We have to accept the people's decision."

Italian newspapers called the motion an open demand for Mr. Scalfaro to veto the appointment of any ministers from the neofascist Italian Social Movement.

That party, made up of political heirs of Mussolini, is the key force in the National Alliance front that shared in Mr. Berlusconi's triumph in March general elections.

"Italy's faithfulness to the values and principles which are at the basis of the constitution of Europe is clear and beyond discussion," Mr. Scalfaro said in a statement. "It needs no reminders and no lessons."

Mr. Berlusconi's spokesman, Antonio Tajani, said: "Berlusconi has said more than once that there will be no fascist ministers."

Senior political sources expect him to exclude Italian Social Movement members from his cabinet or to choose members of that party who are young enough not to have been involved with Fascism in World War II.

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González Asserts He Won't Quit

Reuters

MADRID — Prime Minister Felipe González on Thursday brushed aside calls for his resignation and vowed to stay in office to fight cases of official corruption that have shaken his Socialist government.

At a news conference, Mr. González named replacements for his interior and agriculture ministers who resigned this week in corruption scandals.

Mr. González also accepted the resignation from their parliamentary seats of former Interior Minister José Luis Corcuera and former Economy Minister Carlos Solchaga Catalan.

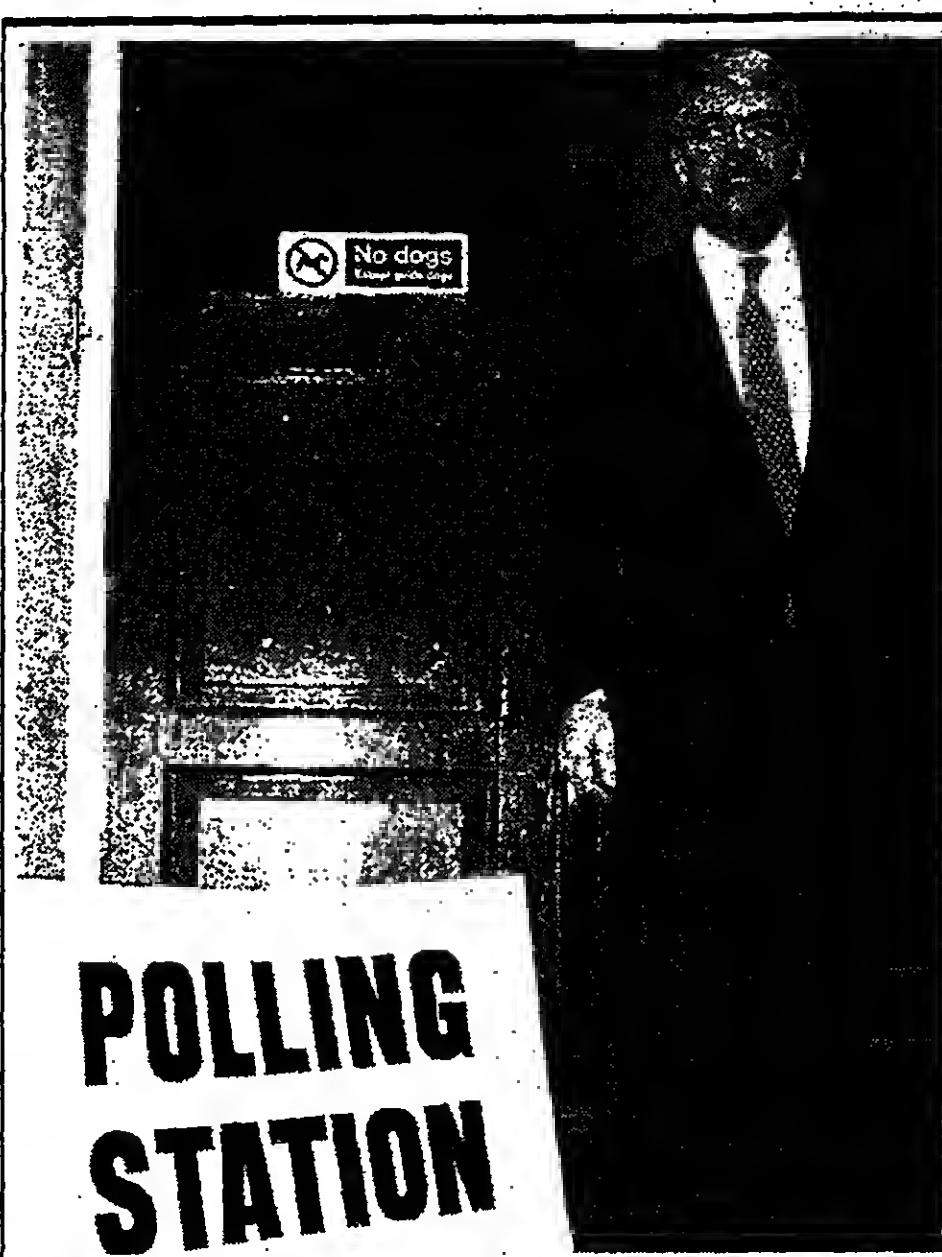
Catalan nationalists had demanded that the two go as their price for supporting the government.

Mr. González said that his government still enjoyed parliamentary support and that he had no intention of calling early general elections.

In recent weeks allegations of tax fraud against a former Bank of Spain governor, Mariano Rubio Jiménez, and charges of embezzlement against Luis Roldán Báñez, former chief of the Civil Guard, left the Socialists with their worst political crisis in almost 12 years.

Mr. Rubio and Manuel de la Concha, the broker who handled his financial affairs, were taken into custody in Madrid on Thursday, charged with defrauding the state.

Mr. Roldán disappeared after an arrest warrant was issued.



HEADING FOR A FALL — Prime Minister John Major striding out of a London polling station after voting in local elections Thursday. His governing Conservative Party appeared headed for a thrashing by Labor and Liberal Democrats, the BBC projected. The projections gave Labor 44 percent, up 4 percent from the 1990 local elections. The Tories were projected to get 27 percent, a fall of 5 percent. The Liberal Democrats appeared to be up 5 percent from 1990.

Tally Points to Regional Inkatha Victory

By Paul Taylor

Washington Post Service

JOHANNESBURG — With the vote counting in South Africa's first democratic election bogged down by apparent computer tampering, there are unofficial indications that the Zulu-based Inkatha Freedom Party will score a surprise victory in South Africa's strife-torn region of KwaZulu-Natal.

If the unofficial tally in KwaZulu-Natal is correct, it would mean that, despite a nationwide landslide of more than 60 percent, the African National Congress will lose two of the nation's three most populous provinces. It lost Western Cape, which includes Cape Town, to the incumbent National Party.

None of these results is likely to be official before the weekend, in part because computer sabotage has forced the Independent Electoral Commission to resort to a slower, manual reporting procedure, and in part because charges and countercharges of vote fraud in KwaZulu-Natal still await a political settlement.

In the computer tampering, someone appar-

ently inserted a program into the election commission's main computer that added a few percentage points worth of votes on a slow, incremental basis to a number of smaller parties.

The sabotage was discovered when the computer tallies did not square with hand summaries of reports from 800 counting stations around the country. The number of votes involved was only in the thousands, and corrections have been made.

Ballot counting is virtually completed in KwaZulu-Natal. According to one election commissioner, Chief Mangosuthu Buthelezi's Inkatha party has received at least a plurality and perhaps a majority of the region's votes. The African National Congress has come in second, and the National Party, a potential coalition partner in the region with Inkatha, has come in third, with about 10 percent.

No numbers are firm, however, because the ANC has claimed massive vote fraud, amounting to hundreds of thousands of votes in a province where about 4.5 million ballots were cast. It claims there was widespread stuffing of

ballot boxes at "pirate" voting stations under the control of the Buthelezi-led KwaZulu "homeland" government, where no outside observers were present.

Chief Buthelezi said Wednesday it was "very mean" of the African National Congress to make such allegations. His campaign manager, Arthur Kgatshane, said, "It is absolutely clear to us that these claims amount to a fall-back option should the ANC fail to win a majority."

The Electoral Commission has an elaborate and potentially lengthy fraud adjudication procedure, and the commission chairman, Judge Johann Krieger, indicated there was evidence of some stuffing of ballot boxes.

But he has also made it clear that the counting and certification process must be completed by the weekend, so as not to delay the scheduled Monday sitting of the country's first democratic Parliament or the inauguration on Tuesday of the president-in-waiting, Nelson Mandela, who as head of the African National Congress is virtually assured election to the post by the Parliament.

Violent racist acts have declined this year, according to Hans-Gert Lange, spokesman for the Office for the Protection of the Constitution. Between Jan. 1 and April 22, there were 438 racist attacks, compared with 699 in the same period last year.

Mr. Lange attributed the decline in violence this year to more rigorous sentencing by judges, such as the life sentence handed out in December to a 26-year-old man convicted of killing three Turks in a firebombing.

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U.S. Envoy Gets Protest By Beijing Over Taipei

The Associated Press

BEIJING — The Foreign Ministry summoned the United States ambassador, Stapleton Roy, on Thursday to protest recent American legislation that removed caps on arms sales to Taiwan, created Radio Free Asia and called for closer ties with the people of Tibet.

The deputy minister of foreign affairs, Tian Zengpei, told Mr. Roy the legislation, passed by Congress last week, "seriously undermines the basis of Sino-U.S. relations," the Xinhua press agency said.

"We demand that the U.S. government reverse its wrong position and erroneous decision," he said.

In the Foreign Relations Appropriations Act, passed April 28, Congress ended a 12-year commitment to reduce arms sales to Taiwan, which China regards as a renegade province.

The act also provided for a U.S. Information Agency office in Tibet and closer cultural contacts with Tibetans, and called on the State Department to list the Himalayan region as a separate state.

"It is indeed shocking to see such contempt for the basic norms governing the international relations, such open infringement of China's sovereignty and attempt to split China," Mr. Tian said.

The Chinese outburst comes ahead of a U.S. decision next month over whether to strip China of low-tariff privileges because of its human-rights record. President Bill Clinton must decide by early June.

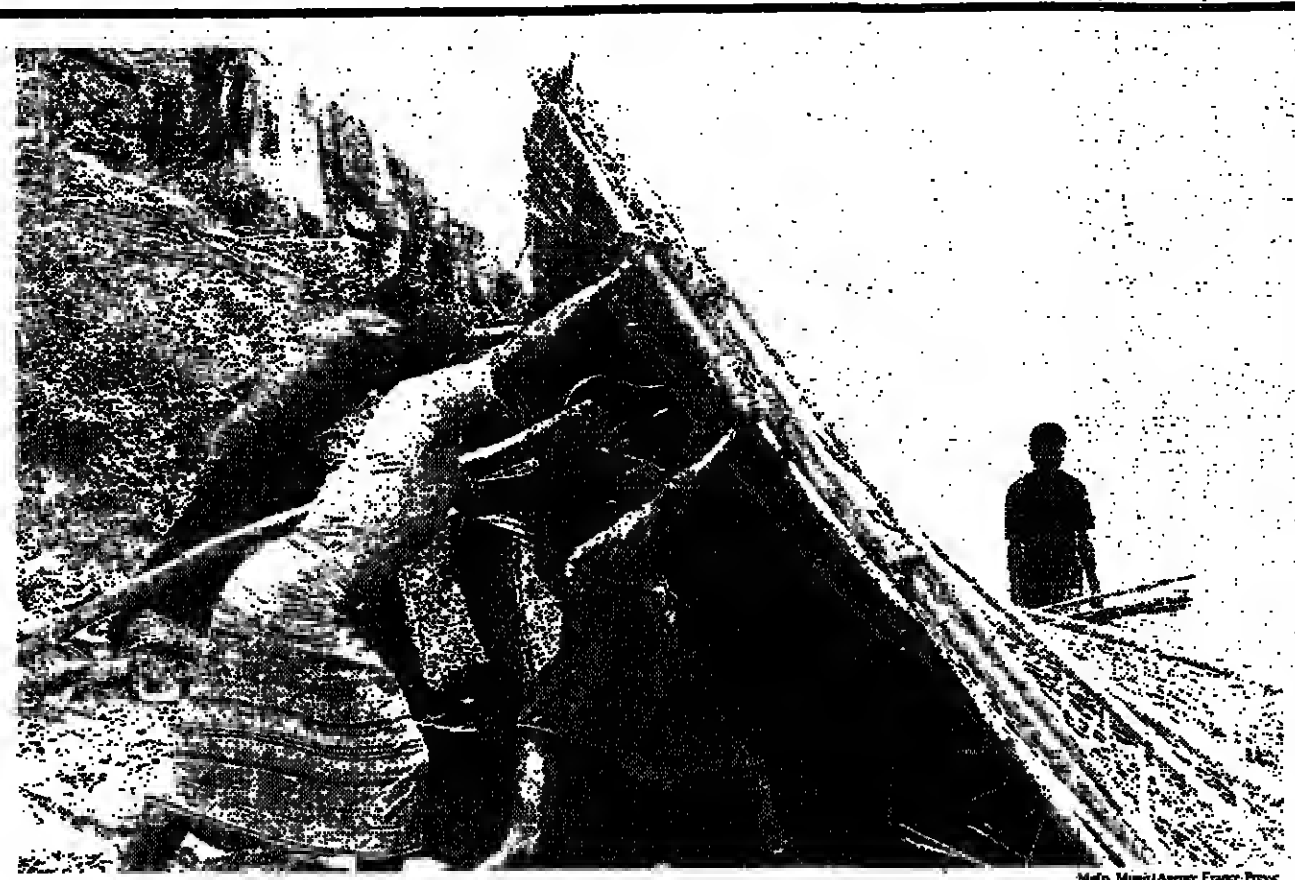
The legislation also created Radio Free Asia, modeled after Radio Free Europe and Radio Liberty, to broadcast U.S. programs to China, Tibet, North Korea and Indochina.

Earlier, a Foreign Ministry spokesman, Wu Jianmin, said China would not permit the United States to establish an information office in Tibet. He accused the United States of trying to "brazenly undermine" China's sovereignty.

South African Crash Kills 12

The Associated Press

JOHANNESBURG — Eleven schoolchildren and their driver were killed Thursday when their school minibus collided with a public bus. The crash occurred when the minibus tried to pass other vehicles on a highway from Johannesburg to the black township of Soweto, witnesses said. Only two children on the minibus survived.



PUTTING BANGLADESH BACK TOGETHER — Men and boys working together to rebuild a cyclone-damaged dwelling in Teknaf, a small southeastern coastal town, after a storm raged through the region, killing at least 139 and injuring several thousand.

CHINA: Dizziness of Economic Climb Blurs Reality

Continued from Page 1

and leading it a short distance and hoping it will gallop," said Wuhan Steel's president, Liu Benren.

China's economic reforms are on trial here, and so is the idea that free enterprise has triumphed over the economic legacy of Marxism. The engines of national growth are still revving up after two straight years of 13 percent expansion, but the dizziness of China's economic climb at times blurs the predominant economic reality here.

The country's aged and debt-ridden state-owned industries still dominate the economy with 109 million workers and 20 million pensioners. Each year they contribute progressively less to national economic output while accounting for most government spending and adding to inflation.

Fifteen years after reforms were begun by Deng Xiaoping, the country's paramount leader, China's landscape of unprofitable smokestack industries is still trying to shed its socialist burden and find a path to a market economy. Reform, particularly, is on trial this spring, as rising inflation has sapped the gains of China's restless labor force.

The government's antidote to inflation, a credit squeeze by the central bank, is forcing a growing

number of state factories to pile up losses or shut down. Wuhan Steel's customers, many of them other state industries, are \$75 million behind on payments for goods delivered, forcing Wuhan Steel into a cash flow crisis that will have to be addressed soon or the plant's first-quarter profits will exist only on paper.

Management has delayed crucial investments in new equipment and has run up \$345 million in debts to its suppliers, Mr. Liu of Wuhan Steel said in an interview.

"Our biggest problem," he said, "is funds and the debt chain."

This cycle of debt is the greatest reminder that China's 11,000 large state industries are not healthy and that as many as two-thirds of them are surviving on central bank loans to finance operations and payroll. When the loans are cut back, as they have been this spring, the debt chains link one factory to the next in a game of payment deferral.

A State Statistical Bureau report on state industries grimly concluded, "Those that should die, do not die, and those that live, cannot live well."

The mountain of debt in China's state banking system and state enterprises is so huge that after 15 years of reforms, no apparent solution exists beyond a broad privatization program, which the Com-



munist leadership is reluctant even to consider.

"The magnitude of accumulated losses are such that a good part of the banking system would have to declare itself bankrupt if it recognized the losses," a World Bank official said in a recent interview.

Lisbon Frees 1,500 Convicts

Reuters

LISBON — The Portuguese legislature approved pardons for about 1,500 petty criminals on Thursday in an amnesty intended to ease jail overcrowding. Prisoners convicted of tax fraud and drunken driving were excluded from the release.

The U.S. Threats of Sanctions: Pushing Asia to Self-Reliance

By Michael Richardson
New York Times Service

SINGAPORE — Southeast Asian nations are developing policies to reduce dependence on the United States security umbrella.

Although many governments in the region continue to support the United States' military presence, members of ASEAN, the Association of Southeast Asian Nations, are increasingly committed to a strategy of greater regional self-reliance.

This is being achieved as individual ASEAN countries use their growing economic strength to modernize their armed forces.

At the same time, ASEAN has taken the initiative to promote wider Asia-Pacific cooperation by organizing a ministerial-level meeting of 12 nations in Bangkok in July to discuss security regional problems.

The ASEAN Regional Forum will include the United States as well as countries it is threatening to penalize over human rights, trade and labor issues, like China, Japan and Indonesia.

The Clinton administration has supported the proposal for a multilateral security forum. But Wash-

ington's evident readiness to resort to unilateral trade penalties threatens to alienate many countries in Asia and reduce United States influence and is accelerating the movement toward more self-reliance.

"President Clinton appears to prefer a warlike posture," said Mohammad Sadik, a former Indonesian cabinet minister. "He seems to feel the need to win this war and that war in Asia."

Mr. Sadik cautioned that in having the "an ideological crusade," the Clinton administration "risks East Asia going up against it in a response to the warlike stance."

Lee Kuan Yew, Singapore's senior minister, issued a similar warning on a recent visit to Australia. He said that if Mr. Clinton withdrew most-favored-nation trading status from China next month because of human-rights objections, it would cut China's growth by about 40 percent, causing major economic and security repercussions for Asia. As a result, the United States would "find itself

all alone in the Pacific," Mr. Lee said.

Some ASEAN leaders are speaking about a new regional security order without the United States. Mahathir Mohamad, the Malaysian prime minister who will meet Mr. Clinton in Washington on Friday, said he did not see a need for an American military presence to protect the region.

"I do not think we need the U.S. fleet patrolling the seas in the area," he said. "So much money is wasted."

He dismissed fears that without the United States playing a balancing role, Japan and China would vie for regional dominance. Instead, he said, they would balance each other because there was "natural distrust" between them.

Yao Ning Hong, Singapore's defense minister, said in an interview with Japan's Defense Weekly earlier this year that Singapore "believes the best way to achieve and preserve peace and stability is to develop an understanding among countries with an interest in the region."

A recent review of the region by the Australian government, which looks ahead three to five years, concluded that United States would remain "strategically engaged" and make a contribution to maintaining peace and stability.

Nonetheless, in making public the review, Robert Ray, the Australian defense minister, said that "increasingly over coming years regional countries, including Australia and our Asian neighbors, will need to take responsibility themselves for the basic elements of security in the region."

ASEAN countries hold regular bilateral military exercises. Australia is also increasingly involved in regional military cooperation.

Mr. Ray said Australia wanted to expand this collaboration to include shared training, defense science and industry cooperation, and joint procurement of military equipment.

Pilot in Japan Crash Reportedly Was Drunk

The Associated Press

TOKYO — The co-pilot at the controls of a Taiwanese jetliner that crashed in Japan last week had such a high level of alcohol in his blood that he exceeded Japan's standard for drunken driving, a press report said Thursday.

The Asahi Shimbun said the alcohol level in the co-pilot was more than 0.5 milligrams per milliliter of blood. The China Air Lines flight crashed April 26 while trying to land at Nagoya, killing 264 people.

'Indignant,' Beijing Rebuts Tokyo

Official's Denial of Wartime Atrocity Sets Off Furor

Compiled by Our Staff From Dispatches

BEIJING — China reacted with anger Thursday to the claim by the newly appointed Japanese justice minister that the 1937 massacre of tens of thousands of Chinese by Japanese troops in Nanjing had never occurred.

"A Japanese cabinet member went so far as to publicly distort history, deny historical facts and defend the Japanese militarists' aggression," a Chinese Foreign Ministry spokesman said in a statement printed on the front pages of national newspapers.

"We are shocked by and indignant," said the spokesman, Wu Jianmin.

He later said that China had protested to Japan about the issue and had "demanded that the Japanese government treat this matter with all seriousness."

China, he said, took note of Prime Minister Tsutomu Hata's statement in Paris rejecting remarks by Justice Minister Shigato Nagano, but he did not say if this would satisfy Beijing.

In Tokyo, the Kyodo news agency reported, Thursday that Mr. Nagano would make a public apology on Friday.

Mr. Nagano's denial of the massacre by the conquering Japanese Army brought condemnation not only from China's government but also from political dissidents who have embarrassed Beijing with a campaign demanding compensation from Tokyo for wartime atrocities.

Mr. Nagano's comments "would trick the young people of Japan into thinking there was no wartime aggression," said Bao Ge, a Shanghai-based dissident.

There were also strong reactions from Taiwan, South Korea and Vietnam, especially to Mr. Nagano's comment that Japan's attack on China and, by implication, other Asian nations was not "an aggressive war," but one of liberation.

The "Rape of Nanjing" is one of the most infamous episodes in Japanese history. In the six weeks after Japanese soldiers seized the southern Chinese city on Dec. 13, 1937, they killed more than 155,000 people, according to the 1948 Tokyo war crimes tribunal.

Other estimates put the total dead at 200,000 to 300,000.

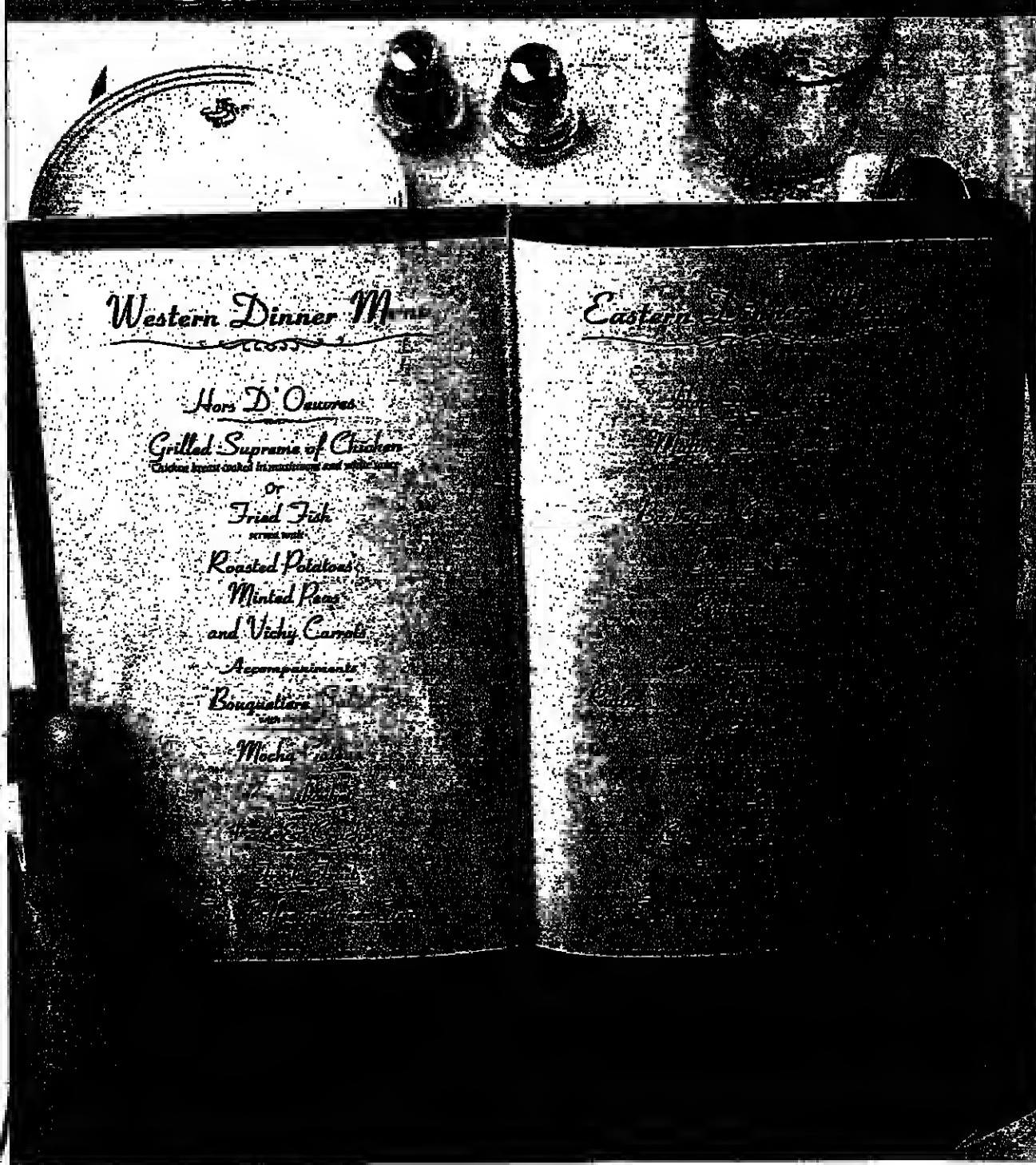
Mr. Hata, in Paris for meetings with French leaders, issued a short statement acknowledging Japan's past and rejecting Mr. Nagano's version of history.

"My view," he said, "is that our past actions including aggression and colonial rule, caused unbearable suffering and sorrow for many people."

"With regard to the remarks by the minister of justice, I would like to ask him what he really meant," Mr. Hata said. "In any case, I consider the remark 'the Nanjing massacre is a fiction' not appropriate."

Mr. Nagano's claim was made in an interview with the Mainichi newspaper.

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There Is 'No Joy in Jericho,' As a Sense of Isolation Grows

By Youssef M. Ibrahim

JERICHO — On the first day of Palestinian self-rule, the mood of this sleepy town of 25,000 Palestinian inhabitants was, to say the least, morose.

"The only thing that has changed in Jericho today is that the Israeli army roadblocks surrounding us have tripled," said Seif Jamil, owner and manager of Maxim, one of the town's outdoor restaurants normally frequented by tourists and people traveling to the Jordanian border. "Most people are banned from Jericho has really got its independence today — from the world."

No one was stopping over here on Thursday. Nor was there the slightest sign of any Palestinian Liberation Organization officials since the traumatic incident Wednesday when several of the PLO's representatives were pelted with stones by Palestinian youths as they came into town in Israeli jeeps to discuss a transfer of authority.

"I shouldn't have come with the Israelis," said Abed Sidr, a local PLO official. "They should have told us they were coming and we would have taken measures to give them a warmer reception."

He complained, bitterly and pointedly, that the PLO leadership had failed to contact him or any other Palestinian Jericho official about how power would be transferred from the Israeli Army to the PLO in Jericho, as the Cairo agreement signed Wednesday stipulates.

"I told the Israeli military governor, 'They were hit because of you, because they were riding with you,'" Mr. Sidr said.

"Frankly, so far, all I see from this self-rule agreement is bad news for Jericho," Mr. Sidr added, shifting from sarcasm to an evaluation of the situation as he sat on his villa's terrace here, surrounded by a dozen leading figures in Jericho who overwhelmingly shared his negative views of the PLO and Israel.

"Everybody in town feels the same way," he said. "Nobody is talking to us. Israelis are tightening the isolation of the town, and the PLO is not answering the phone or making any calls. That is why there is no joy in Jericho."

Here in Jericho, where Yasser Arafat, the PLO

chairman, is supposed to move and live when the self-rule accord is fully carried out, the town's empty streets reflect the gloomy view. Significantly, there is an abundance of slogans like "Yes to Elections, No to Appointments," aimed at the PLO's external leadership.

New roadblocks manned by Israeli soldiers begin to surface about a mile before the city, a 20-minute drive from Jerusalem. Usually, the roadblocks are a negotiable matter. But for much of Thursday morning, the standing order, according to Israeli Army staff, was that only Jericho residents were allowed in or out.

By early afternoon, however, the ban on tourists seemed to have come down. In the town, stores were mostly shuttered, restaurants were empty, and streets deserted.

The sense of isolation deepened further Thursday afternoon as Jericho residents heard by radio a Jordanian warning that it viewed the accord signed Wednesday as a "private Palestinian-Israeli matter that does not concern Jordan."

The Jordanian political commentary on radio, which tends to reflect the views of the Jordanian government, noted that the "deal" was a bad one that would "further isolate" Palestinians under Israeli occupation.

Uncertainty surrounds every other aspect of what, otherwise, was supposed to be the beginning of a process that may lead to an independent Palestinian state.

Much of it is fueled by what is widely viewed as the shabby negotiating style and behavior of the PLO leadership, including a well-established pattern of ignoring Palestinians who have suffered through 27 years of Israeli occupation in favor of exiles coming in from Tunis to take power and conduct all the talks with Israel.

"Abu Ammar's credibility now lies in the economic performance of his team," said Khalil Abu Assal, a middle-aged Palestinian businessman, using the Palestinian nom de guerre for Mr. Arafat. "He has failed the test on popularity, security, trust, et cetera. But if he can make things better for us economically, it will be O.K. for him. If he cannot, or does not, you are looking here and in Gaza at the shifting sands that will swallow the PLO."

Radicals Vow to Foil PLO Deal With Israel

Reuters

DAMASCUS — Two radical Palestinian leaders said Thursday that their fighters would step up attacks against Israel but would initially exclude areas under Palestinian self-rule.

George Habash, leader of the Marxist Popular Front for the Liberation of Palestine, and Nayef Hawatmeh, leader of the Democratic Front for the Liberation of Palestine, said they would step up efforts to foil the PLO-Israeli deal.

Mr. Hawatmeh demanded that the PLO leader, Yasser Arafat, resign.

Speaking at a news conference, Mr. Habash said documents of the agreement show that Israel would have full land, sea and air control of the entire occupied territories.

"The Israelis will be able to interfere militarily in the self-rule areas when they find that necessary," Mr. Habash said. "The Palestinian police would be used to stop the uprising."

Mr. Habash described the agreement as a total surrender to Israel and said the central leadership of both groups would insist on a comprehensive settlement of the Arab-Israeli conflict and reject separate and partial deals.

"We will escalate our military attacks against Israel," he said. "We will do our best to maintain and escalate the popular uprising against the Israeli occupation."

"We will certainly continue attacks against the Zionists in all areas which are close to the self-rule areas in Gaza and Jericho, especially the settlements and the military gathering points. We will avoid any contact or clash with the Palestinian police and will not carry any operations in these areas."

"But if we are attacked by the Palestinian police," he added, "then we will re-evaluate the situation and will not doubt defend ourselves."

His group is the second largest faction grouped under the PLO umbrella after Mr. Arafat's Fatah organization.

Mr. Hawatmeh called for the formation of a new Palestinian parliament-in-exile that would elect a new leadership.

He said the Gaza-Jericho deal did not meet the minimum demands of the Palestinian people. He called for an internationally supervised referendum.

"Any agreements dealing with the life and destiny of the Palestinian people should be presented to all Palestinian people inside and outside the occupied territories in a referendum to show their real opinion," Mr. Hawatmeh said. "Any agreement which is not approved by the people is illegitimate."



"We have changed," Mr. Lafontaine says of the Social Democrats.

Saarland Premier: Survivor Above All

International Herald Tribune

SAARBRÜCKEN, Germany — Oskar Lafontaine stirs strong emotions among German voters. His admirers think him brilliant; his enemies consider him brusque, overly flamboyant, and Napoleonic.

What no one doubts is that he is a survivor. Since 1977, Mr. Lafontaine, now 50, has been premier of Saarland, a depressed former steel-and-coal region that is wedged between the French province of Lorraine and the Duchy of Luxembourg.

He was born in Saarbrücken, the son of a baker who died on the final day of World War II, and he married a considerable intellect first to study math and physics, and then to go into politics.

With his trademark purple shirt and well-publicized friendships with pop stars, Mr. Lafontaine is considered something of a character. In December, he married his third wife, an economist who became his short hair and progressive views is described in the popular press as a "feminist punk."

Mr. Lafontaine's talents as a survivor are multiple and impressive. He has, by his own admission, transformed himself from an anti-

NATO activist of the left to a pragmatist who espouses an economic program that is "pro-business."

In April 1990, he survived an assassination attempt when he was stabbed in the neck by a deranged woman, and in December of the same year he suffered a humiliating electoral defeat when he stood as the Social Democratic candidate for chancellor and was beaten by Helmut Kohl.

But Mr. Lafontaine still speaks his mind. This week, when reminded that Mr. Kohl had recently proclaimed it "springtime" for Germany's economy, Mr. Lafontaine laughed at first, and then his eyes twinkled with mischief. He made sure his guest knew the story of Jürgen Schneider, the fugitive real estate developer who disappeared at Easter, leaving behind a bankrupt company and a mountain of debt.

"Listen," he began, "they all said I was insane when I predicted four years ago that the unification of Germany would lead to an explosion of state debt that would reach thousands of billions of marks. Now we are at nearly 2,000 billion Deutsche marks. You know what that makes Helmut Kohl? He is the fat man who has become a laughing stock."

—ALAN FRIEDMAN

GERMANY: The Bundesbank Made Serious Mistakes, Lafontaine Says

Continued from Page 1

promote growth," Mr. Lafontaine said. "We cannot exert pressure on the Bundesbank, but we can create the preconditions for the Bundesbank to reduce interest rates."

That meant, he said, that as finance minister he would act to contain the growth of public-sector spending and even make cuts in welfare-state spending such as the national health system and eventually unemployment benefits.

Among the key points made by Mr. Lafontaine during two hours of conversation about his party's economic plans for Germany and the European Union:

• Forecasts of 1.5 percent growth in Germany's national income this year are based on assumptions about consumer spending that are "very questionable."

• A government under Mr. Scharping would forge ahead with privatizations at the federal and state levels. It would consider as priorities the privatization of Deutsche Telekom, the state telecommunications concern, and Deutsche Bundesbahn, the state railroad.

• If elected, the Social Democrats would introduce "a thorough reform of our tax system" that would make a priority of reducing the burden of employers' tax and social security contributions by about 20 billion Deutsche marks (\$12 billion), replacing these with energy taxes.

• The Social Democrats might lose some votes because of its plan to scrap a nationwide 7.5 percent "solidarity surcharge" on income taxes in 1995 and replace it with a 10 percent

levy on high-income earners, but the move would help spur consumer spending across the country.

• Once the issue of whether inheritance taxes can be increased is clarified by Germany's high court, the Social Democrats would favor increasing the levy to recoup revenues lost by cuts elsewhere.

• Reducing Germany's record unemployment levels would be a high priority, and a government under Mr. Scharping would favor the kind of infrastructure investments laid out in the recent white paper prepared by Jacques Delors, the president of the European Commission. But getting European governments to act jointly on that plan would be difficult.

• The timetable for European monetary union contained in the Maastricht treaty is "unrealistic" and "no one believes it can work." He said he expected that instead of a single European currency in the late 1990s, it was more likely that a "core" group of countries — including Germany, France, and the Benelux countries — would seek currency links.

Mr. Lafontaine was critical of the governments of France and Britain, proclaiming France's *franc fort* policy of keeping its interest rate cuts in step with Germany's a mistake during recession because it kept French interest rates artificially high. The government of Prime Minister John Major in Britain, meanwhile, had "defended an overvalued pound for too long as a matter of political prestige" before leaving the European exchange rate mechanism in September 1992.

Mr. Lafontaine said he favored the enlarge-

ment of the European Union, and the eventual inclusion of East European members such as Poland and Hungary. But he would seek special provisions to avoid the problem of a "disastrous" flow of immigrant workers from new members in that region into Western Europe.

On the politically sensitive issue of unemployment, he noted on Thursday that half a million more Germans are out of work now than was the case a year ago. (Page 15) "The government has not been able to get a grip on mass unemployment," he said.

While acknowledging that he could not "create a million jobs overnight," Mr. Lafontaine said a Social Democratic government would encourage more flexible working hours for industry.

Turning to the debate about whether Deutsche Bank and other leading German commercial banks have too much power and not enough responsibility over the many industrial companies in which they control equity stakes, Mr. Lafontaine said he supported moves to limit the size of bank shareholdings in industry.

He expressed concern about the role of members of the supervisory boards of companies such as Metallgesellschaft AG, the German trading group that nearly collapsed and whose supervisory board is chaired by a director of Deutsche Bank.

"The bankers have too much of a burden with these supervisory boards they sit on," he said. "You can't sit on 20 supervisory boards and in totally different industries. We must reform this, too."

MIDEAST: Self-Rule Begins Amid Collapsing Trust

Continued from Page 1

convinced them ever that Israel is a powerful, calculating and untrustworthy negotiating partner, fretting endlessly about safety fears when everyone here takes for granted that "security" is Israel's code word to justify holding onto the occupied territories in perpetuity.

Accepted wisdom across this dismal coastal strip is that if the Gaza-Jericho deal ultimately fails, it will be because Israel wanted it that way. That opinion was echoed on Thursday by an East Jerusalem newspaper, *Al Quds*, which said in an editorial: "Of course, Israel always has the power to obstruct and destroy everything, and it is the one that can define the future of the agreement."

Before gloom is allowed to set in too thickly, it must be noted that Palestinian self-rule has officially just begun, and that a few successes in the next few weeks could quickly turn around the prevailing somber mood. Both parties, Israeli and Palestinian, can be metaculous.

On the Palestinian side, for instance, it is easy to predict wide-

spread celebrations and confident statements about all being right with the world the moment the new police force starts marching in from Egypt and Jordan, possibly in several days.

But on more substantive matters, it is far too early even to speculate how well the arrangements for Gaza and Jericho will work.

Questions are stacked up like firewood.

Will pledged foreign aid for the newly autonomous Palestinian regions arrive and be spent in orderly fashion? Will Palestinians quickly see a change in their lives, especially a reduction in unemployment that in Gaza hovers around 50 percent? Will factional violence be contained? Will some form of democracy take hold, as Mr. Arafat promises? Will the chairman, who prefers to be called president, be constitutionally capable of forsaking the glamour of globetrotting for the prosaic chore of supervising schools, health clinics and garbage collection?

And will physical attacks by Palestinians against Israeli soldiers? In the end, all questions on the

Israeli side get reduced to that single formulation: If many Palestinians believe that Israelis overstate their security worries, even more Israelis accuse Palestinians of insensitivity to the powerful emotions churned by this basic concern.

Although everything may turn out fine, it was striking how relatively few people were willing to say so on Thursday, the first full day of official Palestinian self-rule.

That may be partly because little actually changed on Gaza's mean streets. Israeli soldiers did not move out; uniformed Palestinian police officers did not move in, and, after Mr. Arafat's request for a delay to insure an orderly transition, it is clear that the long-awaited Israeli withdrawal will take a few extra weeks to be completed.

"For the average person, the occupation is still here," said Rashid Abu Shabak, at present the senior PLO figure in Gaza. As for how well the PLO will be received once it takes over, Mr. Shabak said: "It all depends on how well we treat the people. People understand that we can't do everything right away."

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Believe the Spy or Four Great Men?

By Priscilla Johnson McMillan

CAMBRIDGE, Massachusetts — In a recent article in *The Washington Post*, Terrell and Leona Schecter characterized the Manhattan Project as a "hoax." I take exception. That the A-bomb program succeeded brilliantly is acknowledged by all, even those who would be happier if the bomb had never been developed.

It is true, as the Schecters say, that no one can put together the pieces exactly as their source Pavel Sudoplatov, the former officer in Stalin's secret police, has done. But he did not become head of Soviet intelligence-gathering on the bomb until 1944, whereas his claims concerning atomic espionage mostly concern the years 1941 to 1943, when he was directing Soviet guerrilla operations behind German lines.

I regret that Mr. Sudoplatov was not left to tell his story free of considerations of the American marketplace. If he is not, as the American authors claim, the single "surviving institutional memory" of the Russian intelligence service's covert operations from the 1920s to 1953, he is an interesting historical source, especially for the 1930s and the last years of Stalin.

What we have in the chapter of the Schecter book called "Atomic Spies," however, is nothing resembling history. It is a potpourri of gossip from agents who apparently exaggerated such as to the Manhattan Project as they may have had and remembered it at third and fourth hand years afterward.

The Schecters ask, why should we disbelieve Mr. Sudoplatov? To this I respond, why believe him? General Sudoplatov was guilty of many crimes, of which lying and disinformation may be the least. To accuse four of the greatest scientists of the century — Niels Bohr, Enrico Fermi, Leo Szilard and Robert Oppenheimer — of committing treason at a time when they were helping save America surely requires documentary proof, and there is not a hint of it here.

As for the Schecters' other points: • If the December 1941 lunch at which Robert Oppenheimer allegedly told the Soviet resident Gregory Khlebnikov about Albert Einstein's secret letter is, as the Schecters say, "on record in Moscow files," why does the document not appear in the book? Not only do Mr. Oppenheimer's biographer and closest surviving friends believe that he learned of the Einstein letter only long afterward, they point out that there was nothing classified in it. Besides Einstein, only Eugene Wigner, Leo Szilard and Edward Teller knew of the letter. None was close to Mr. Oppenheimer or had reason to tell him of it.

• Why credit the unsupported assertion by the KGB agent Alexander Feklisov that Mr. Oppenheimer requested the physicist Klaus Fuchs's participation at the weapons laboratory in Los Alamos, New Mexico, in the face of a mountain of evidence in British and American files to the contrary?

• As for Mr. Sudoplatov's claim that Niels Bohr pointed to a drawing shown him by the physicist-secret agent Yakov Terletsky in November 1945 and helped solve a problem with the Soviet nuclear reactor, David Holloway of Stanford University and Gennadi Gorelik of the Diderot Institute in Cambridge, Massachusetts, have both read Mr. Terletsky's account, which described the mission as unsuccessful and made no reference to a drawing.

Age Bohr, Niels Bohr's son, says that he was present throughout the meeting of Nov. 13, 1945, and that when "Terletsky raised technical questions concerning atomic energy, my father answered that he was not acquainted with details and referred Terletsky" to the Smyth Report, the official U.S. account of the bomb project.

• In 1946, when the Schecters allege that Mr. Fuchs was influencing Enrico

Fermi and Mr. Oppenheimer to oppose the hydrogen bomb, both men were proponents of H-bomb research. They never opposed such research, but made up their minds to oppose the so-called crash program of development during the last days of October 1949, three years after Mr. Fuchs had left the United States.

As for Leo Szilard, he lacked a security clearance and played no part in H-bomb discussions at all.

The Schecters are correct in saying that Mr. Feklisov wrote about Mr. Fuchs's role in H-bomb discussions in the *Journal of Military History*, January 1991, but Mr. Feklisov says nothing in the article about attempting to plant with Mr. Oppenheimer, Mr. Fermi and Mr. Szilard the idea of opposing the H-bomb. He says nothing about them at all.

• Leo Szilard was in no position to introduce moles into the scientific laboratories working on the bomb, since General Leslie Groves, the army's director of the Manhattan Project, refused to allow him near the project. Mr. Szilard never worked on the atomic bomb.

• George Gamow did not work on the Manhattan Project, and was not cleared to work at Los Alamos until 1949.

By far the most important issue raised by the Schecters is the place of oral

history, or memoirs, in the overall writing of history. Memoirs, depending on the source, can be a valuable part, but they are not the whole story. Responsible historiography requires careful weighing both of documents and of the memories of participants.

The Schecters admonish us to seek out the records, both in Washington and Moscow, and listen to what they have to say. It seems to me, however, that Western scholars have done a better job of reading the available records than have the Schecters and Sudoplatovs, since their chapter on "Atomic Spies" is filled with easily disproved allegations.

Learning the truth is hard enough, since archival access as we know it does not exist in Moscow, and documents are doled out selectively by those who control the archives and want to control Moscow's version of history. We can expect shocks and confusion, as bits and pieces emerge, tantalizingly, in the years ahead. As for "Special Tasks," what should have been a useful memoir stands compromised by the falseness and sensational presentation of the atomic chapter.

The writer, a fellow at Harvard's Russian Center, is working on a book about Robert Oppenheimer and the development of the hydrogen bomb. She contributed this comment to *The Washington Post*.

They Build on Braggadocio And Faulty Detective Work

By Richard Rhodes

MADISON, Connecticut — Pavel Sudoplatov, the last of Stalin's wolves, has emerged lotterily from his lair to inform us of his crimes.

In his memoir, "Special Tasks," the 87-year-old former Soviet spy, also implicates four of the most important physicists behind the Manhattan Project, the U.S. government's program to develop the atomic bomb.

In a chapter called "Atomic Spies," Mr. Sudoplatov's accusations against Niels Bohr, Enrico Fermi, Leo Szilard and Robert Oppenheimer continue his career of assassination. Only this time his target is the character of honorable men.

By his own testimony, Mr. Sudoplatov is a criminal and a murderer, but his co-authors — his son Anatoli, a professor at Moscow University, and Jerrold and Leona Schecter — ought to be ashamed.

Mr. Sudoplatov claims that the four scientists supplied him with classified information from the American project. Most of Mr. Sudoplatov's claims are no more than vague assertions of "cooperation." Others are distortions or perhaps fabrications. He writes that Mr. Szilard supplied "vital information" from the weapons laboratory at Los Alamos, New Mexico.

But Mr. Szilard never worked at Los Alamos. He worked at the University of Chicago, helping Mr. Fermi build the first nuclear reactor, which began operation in December 1942.

Mr. Szilard did share with Mr. Oppenheimer and Mr. Bohr a conviction which Mr. Sudoplatov distorts: that the United States should inform the Soviet Union about the atomic bomb project before using the bomb and should begin discussing international control of the revolutionary new weapon.

In 1944, Mr. Bohr met with President Franklin D. Roosevelt to express this conviction — not, as Mr. Sudoplatov has it, to urge Roosevelt "to share atomic secrets" in a follow-up letter to the president, Mr. Bohr wrote, "It is wholly outside my province to suggest the procedures appropriate to such delicate problems of statecraft."

Mr. Fermi is the least likely suspect of the scientists Mr. Sudoplatov smears.

Though he was politically conservative, Mr. Fermi is cast in "Special Tasks" as the puppet master of the Italian physicist Bruno Pontecorvo, a known spy who defected to the Soviet Union in 1950.

Mr. Pontecorvo supposedly supplied a "full report" on the reactor's start-up in Chicago, implicitly with Mr. Fermi's collusion. "A few hours after the pile of graphite went critical," Mr. Pontecorvo's Soviet controller had received a prearranged telephone message saying "The Italian sailor reached the new world."

It makes a nice story, except that Mr. Pontecorvo was employed at the time by an oil-prospecting firm in Tulsa, Oklahoma, and took up atomic energy research only in 1943.

The story also bears a remarkable similarity to an anecdote in a 1956 memoir, "Atomic Quest," by Mr. Fermi's boss, the physicist Arthur Compton.

Immediately after the Chicago reactor started, Mr. Compton writes, he called James Conant, president of Harvard and head of the atomic project, and told him, "You'll be interested to know that the Italian navigator has just landed in the new world."

The Schecters could easily have checked Mr. Sudoplatov's story in the appendix of their own book.

Igor Kurchatov, the scientific head of the Soviet atomic project, comments in a document dated July 3, 1943, that the latest Soviet espionage revealed that "attempts by American researchers are very serious to execute a uranium-graphite pile in the near future."

Seven months after the start-up, he obviously had no idea that the United States had already been successful.

But Mr. Sudoplatov's most despicable allegations concern Robert Oppenheimer, the director of the weapons lab at Los Alamos. He claims that Mr. Oppenheimer hired the physicist Klaus Fuchs and gave him access to documents "he had no right to look at."

Mr. Fuchs, who subsequently confessed to passing detailed plans of the plutonium bomb to the Soviet Union in 1945, was part of a British contingent

Small Talk Helps Make A Big Day

By Dominique Bauthier

WASHINGTON — He was a round-faced man in his fifties, with an engaging smile. He wore a traditional African shirt and a navy beret. He was black and voting for the first time in a South African election.

As a white, I had taken part in the 1992 referendum that started my country of birth on the road to democracy.

MEANWHILE

I had not, however, been able to bring myself to take part in earlier elections, which excluded the majority.

As we waited in line to vote, we did not talk of past injustices, or even of the reasons why we found ourselves in a nondescript annex of the South African Embassy on this historic day. It seemed so natural that we should be standing there.

We reminisced about the country we had left behind. Someone found a travel brochure and we examined it, comparing the Blue Ridge Mountains of Virginia to the South African landscape. We spoke of the majesty of the Cape, the lush vegetation of Natal, the hills of the eastern Transvaal.

We found we missed the same things. The more we talked, the more we discovered common experiences.

We both spoke with affection of the Afrikaans language. Usually shunned as the language of oppression — particularly after the government ordered its use in black schools, sparking the deadly riots in Soweto and elsewhere in 1976 — Afrikaans had been a bridge for both of us.

over which Mr. Oppenheimer had no control. And every Ph.D. at Los Alamos had complete access to documents.

Hans Bethe, the Nobel laureate who was Mr. Fuchs's boss at Los Alamos, scoffs at the allegations against Mr. Oppenheimer. "We now know that Fuchs transmitted full information to the Soviets," he told me. "He did not need Robert Oppenheimer's collusion" to do so.

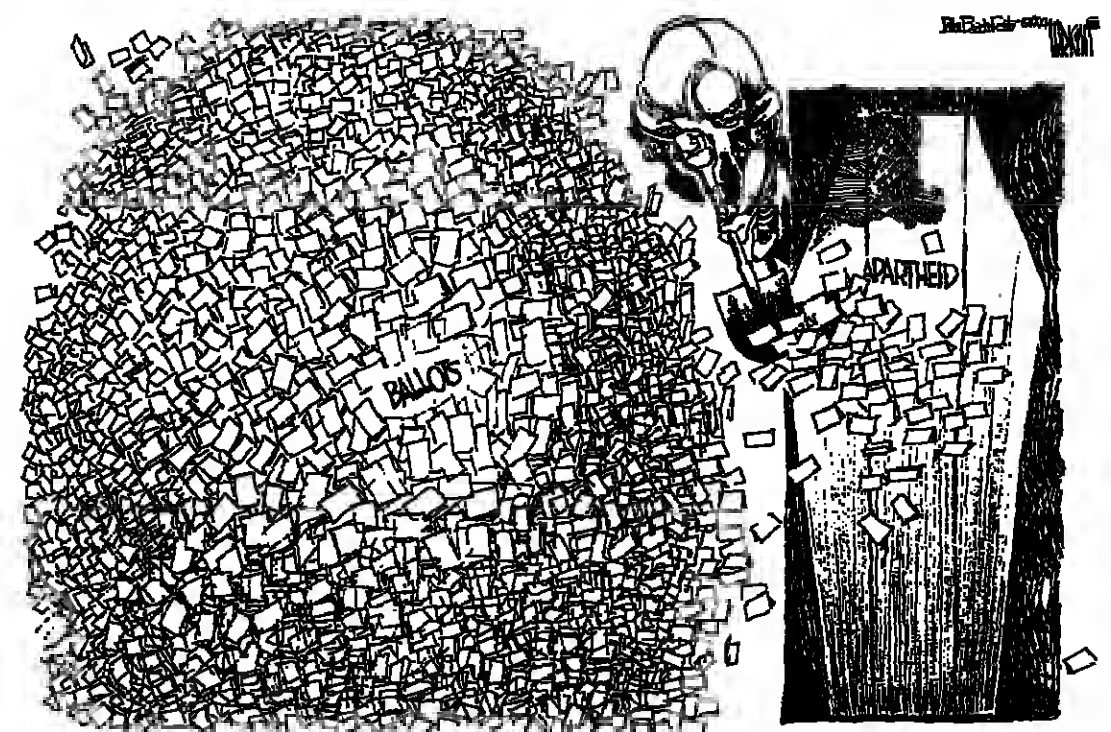
Mr. Oppenheimer makes an easy target because he was later accused of being a Soviet spy and was stripped of his security clearance in 1954. He was exonerated of espionage charges, however.

In 1943, for example, he alerted a Manhattan Project security officer, Boris L. Pash, who secretly recorded their conversation. "I know of two or three cases, and I think two of the men are with me at Los Alamos," Mr. Oppenheimer said to Mr. Pash. "They told me they were contacted" for information. He added, "Of course, it is reasonable."

I recently challenged the Schecters with this information. They were unaware it existed. I cannot speak to the credibility of the rest of this noxious book, but the chapter on "Atomic Spies" is gumshoe braggadocio.

The writer, author of "The Making of the Atomic Bomb," is at work on a book about the Soviet and U.S. hydrogen bomb projects. He contributed this comment to *The New York Times*.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.



Many years ago, my fellow voter told me he was in a restaurant in Zambia with a group of black South Africans. They talked in Afrikaans so that the Zambians couldn't understand them. An Afrikaner overheard them and excitedly offered them a beer. "We had such a great talk," my neighbor said. "I told him I wished we could do that across the border," in South Africa.

I recounted a similar experience. A friend and I were walking down a Paris street, jokingly speaking Afrikaans instead of English, when a tall black man came up from behind and tapped me on the shoulder. He said he was a South African six years ago, had finally come. But there was a sense of normalcy. We had waited so long for this, in some cases fought for it. That we should all be here now seemed just right.

Then it was my turn to vote. In the conversation moved to food. Someone

had found a brochure from a mail-order company listing South African specialties available in the United States. We clearly came from quite varied backgrounds, but no matter where in South Africa we had grown up, or how poor or well-to-do we had been, we all seemed to miss Mrs. Balls' chicken, biltong (a dried meat and melle pap (a maize-meal staple).

We talked about roses lime juice, smooth apricot jam and Ouma risks, a kind of dried biscuit.

We all, I think, had a sense of amazement that this election, which had seemed an impossibility when I left South Africa six years ago, had finally come. But there was a sense of normalcy. We had waited so long for this, in some cases fought for it. That we should all be here now seemed just right.

Then it was my turn to vote. In the conversation moved to food. Someone

minute challenge, then I entered the booth and made my mark. Coming out, I saw the smiling face of my neighbor turn serious as he headed to the booth with the first ballot of his lifetime.

Outside, we South Africans — the young black fellow enrolled at the American University, the elderly, conservative-looking Anglo-Saxon type, the gaudy couple decked in gold — gathered at a cafe and swapped business cards. They had written their names down in a book to be sure they would be invited to a South African reunion on July 4, a date picked, of course, because it is America's Independence Day.

The writer, an editor at *The Daily Progress* of Charlottesville, Virginia, contributed this comment to the *International Herald Tribune*.

LETTERS TO THE EDITOR

Respite for Southeast Asia?

Regarding "For Southeast Asia, a Crucial Respite" (Opinion, April 29) by Marvin Ott:

Mr. Ott suggests that "many Southeast Asians will volunteer a judgment that the U.S. forces bought the region a critical decade that was used to fend off the Communist challenge and build the vibrant countries we see today."

In fact, a number of Southeast Asians will disagree with this. Was it really a crucial respite or one that was more crucial than crucial?

The "respite" Mr. Ott speaks of was essentially an aberration to the natural, logical and progressive development of the countries of Southeast Asia. What did those years really mean?

First, the war was a tragedy of enormous proportions for the people of Southeast Asia and for Americans, too. The U.S. military involvement in Vietnam cost America enormously in treasure and the lives of its youth. By trying to shore up a corrupt regime in Vietnam, the United States forestalled the natural and nationalistic development of Vietnam. The human losses in Vietnam were of even greater proportions.

Second, the expansion of American military operations into Cambodia led directly to the ousting of Prince Sihanouk, which in turn was the critical beginning of the Khmer Rouge arrival in power. Pol Pot and the rest of his Khmer Rouge cohorts laid waste an entire society. What sort of respite was this?

Third, Cold War calculations atrophied and misdirected regional cooperation. This was especially evident in the

activities of the then fledgling organization ASEAN.

Fourth, the "respite" theory does not fully consider the fact that all countries of the ASEAN region pulled themselves up economically despite pervasive poverty, Communist subversion and a potentially crippling reliance on monolithic economic structures.

The achievements of the ASEAN countries owe much to political leadership and the hard work of its population. The years of "respite" were often years of challenge. Singapore's evolution from a colonial outpost into a vibrant, modern economy was the achievement of Lee Kuan Yew. Malaysia, after the civil disturbances of May 1969, achieved progress in restructuring society and abolishing poverty and has rapidly industrialized during the Mahathir administration. Indonesia, under President Suharto, laid the foundation for its current growth.

The common judgment of America's military involvement in Vietnam is in many ways the correct judgment: It was totally misconceived, totally mismanaged and ultimately pointless.

MURUGESU PATHMANATHAN, Kuala Lumpur.

Mr. Ott is quite correct in saying that the Vietnam War must be considered in a broader context. The U.S. investment in Vietnam gave the countries of Southeast Asia the crucial respite from Communist subversion that they needed to develop into the strong, stable and market-oriented nations that they are today.

In an even broader context, the Vietnam conflict should be seen as a campaign on the Eurasian periphery in the

long Cold War. The Korean and Afghanistans wars were other such campaigns on the periphery of Eurasia. All served the purpose of implementing the policy of containment as first explicated by George Kennan — even though Mr. Kennan later got cold feet and claimed that he had been misunderstood.

I realize this all sounds terribly Cold War-ish and tragically old-fashioned. Fortunately, it's also true.

STEPHEN KLEIN, Munich.

Back to the Basics

As an American musician living in Paris, I have made your newspaper an important fixture in my expatriate life. I am an addict of the Opinion pages, look forward to Michael Zwerin on jazz, follow American basketball in the Sports pages, and am a recent Dave Barry convert. But my confidence has been shaken.

A photo caption in your April 16 issue refers to "a musician playing his cello in the center of Sarajevo on Friday." As one who plays it, I can assure you that the instrument pictured is that noble beast of string instruments, the double bass.

JOSEPH CARVER, Paris.

An article submitted to the *International Herald Tribune* appeared in this newspaper on March 29 entitled "They Don't Rattle the Cages but the Bars Are Still There." It has been learned that the same article was submitted by the writer to *The Wall Street Journal Europe* and had appeared in that newspaper as well.

BOOKS

MENCKEN: A Biography

By Fred Hobson. 650 pages. \$35. Random House.

Reviewed by Bruce Bawer

THIRTY-EIGHT years after his death, H.L. Mencken remains one of the most controversial of American writers. The 1989 publication of parts of his diary occasioned a surprisingly fierce public debate over whether the man whom Edmund Wilson hailed as the "civilized consciousness of modern America" could fairly be described as a bigot; the unsealing in 1991 of Mencken's remaining papers was a media event. Fred Hobson's "Mencken" is the first of several projected biographies to draw on those papers.

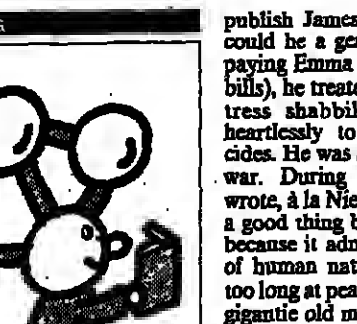
One might have thought it impossible to write a dull book about a Menckean. But though Hobson (a University of North Carolina professor and the author of several studies of Southern literature) has some perceptive things to say, he utterly fails to bring his subject to life. Sober and scholarly, Hobson seems temperamentally mismatched with the lifelong Balti-

WHAT THEY'RE READING

• Bill T. Jones, American dancer and choreographer, is reading "Black Holes and Baby Universes," by Stephen Hawking.

"Only understand about 50 percent of the book, but I get a religious experience from pulsars and the uncertainty principle in particle physics. It is extremely comforting to read about the infinitely small and the infinitely large."

(Randi Ametlan, IHT)



mark of filial loyalty — for those views were acquired from his German immigrant father.

"He was as rigid a thinker," observes Hobson, "as the American Puritans he so vilified." Indeed, though he shaped countless opinions, Mencken was himself well-nigh immune to influence, taking for granted that people come equipped with certain prejudices and seeing it as his role simply to speak from his own.

Mencken basked with paradox. Often dismissed as a philistine, he was the first American editor to

publish James Joyce. Though he could be a generous friend (even paying Emma Goldman's medical bills), he treated his longtime mistress shabbily and responded heartlessly to two friends' suicides. He was also fearless about war. During World War I he wrote, "The Nietzsche, that 'War is a good thing because it is honest, because it admits the central fact of human nature. . . . A nation too long at peace becomes a sort of gigantic old maid.' World War II be applauded as a 'grand show.' But to Mencken all of life was a show — a distraction from what he saw as the meaningless of existence.

What of Mencken's racial views? Hobson aptly describes them as a "mixture of enlightenment, paternalism, and racial stereotyping." On the one hand, he called blacks "darkies" and compared them to gorillas; on the other, he commissioned articles by blacks on race issues and was, for his time, unusually supportive of equal rights for blacks. Likewise, though he slurled Jews as "kikes," Mencken went to great effort and expense to save German Jewish

friends from Hitler and rebuked FDR in print for not relaxing quotas so that Jews might enter the United States.

Was Mencken a bigot? To judge by his personal tolerance, civil rights advocacy, and friendships with Jews and blacks, he wasn't; to judge by his drawing of private distinctions, assertion of a right to discriminate, and use of offensive epithets, he was.

Does it matter that he spread those epithets around, mocking Christianity more than he did Judaism, and ridiculing poor Southern whites more than he did blacks? If the test is whether one sees people as individuals or generalizes about groups, Mencken fails: He generalized but made exceptions.

He generally put people who he felt had risen above their group's "uncivilized" traits. In his time, this approach marked him as enlightened; today, for many, it makes him a bigot. Part of the equation is that he distrusted anyone who professed concern for the welfare of strangers, despising "do-gooders" and "vice crusaders" alike. To him, civic responsibility meant taking care of one's own.

Bruce Bawer, whose books include two collections of literary essays and "A Place at the Table: The Gay Individual in American Society," wrote this for *The Washington Post*.

BRIDGE

By Alan Truscott

SOUTH bid quickly to four hearts after West had opened one spade and East had passed. West led the ace and another heart, and South could count five trump tricks, a ruff in the dummy, and three top winners in the minor suits. To make a tenth he needed to score a trick with the spade king or the club jack. It was highly probable that West held both the spade ace and the club queen.

After winning the second trick, South led to the diamond ace and ruffed a diamond, trying to remove West's potential trump cards in diamonds. He then cashed the A-K of clubs and reached this position:

NORTH
♠ 4 2
♥ 7 4 2
♦ 8 7 6 3 2
♣ 7 5

WEST
♠ A Q J 9 5
♥ A 8 6
♦ K 10
♣ Q J 9 8 2

EAST
♠ 10 8 7
♥ 5 3
♦ Q J 9 4
♣ A K J

SOUTH
♠ K 6 3
♥ K Q J 10 8 5
♦ 5
♣ A K J

South led the club jack and al-

lowed West's queen to win, throwing a spade from the dummy. He hoped that West would have to lead a spade, but West produced the club ten. Luckily for South, this was the highest remaining club, so he threw the last spade from his hand, and a spade from the dummy.

West had scored two unexpected club tricks, but he now, at long last, had to lead a spade. Whether or not he led the ace, South could score the spade king and a ruff, losing no spade tricks and making the game.

Both sides were vulnerable. The bidding:
West North East South
1♣ Pass Pass Pass 4♥

West led the heart ace.

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Paris Cafés: New Tables For Spring

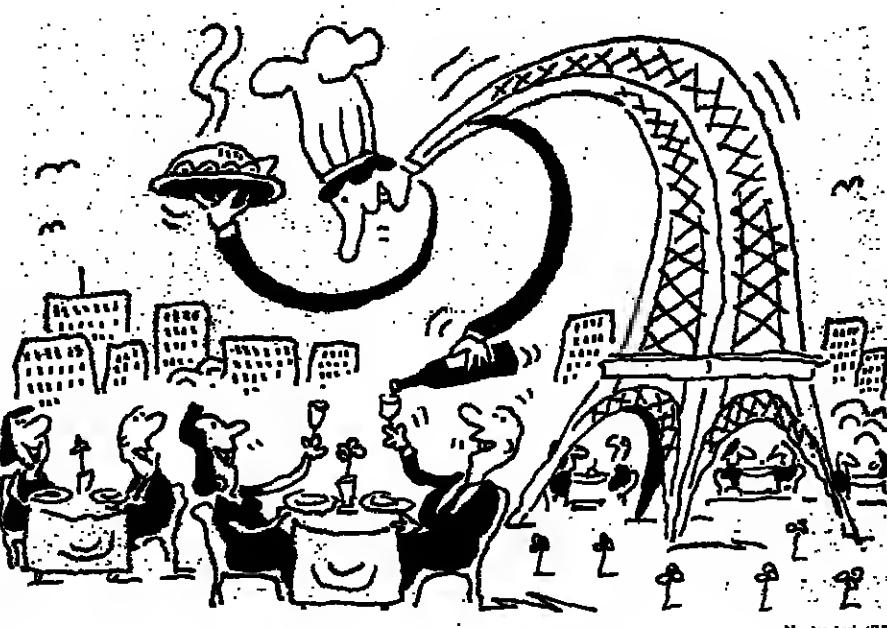
By Patricia Wells
International Herald Tribune

PARIS — Following a quiet, almost sluggish time for Parisian restaurants this winter, a new crop of addresses has sprung up, just in time to move the tables outdoors.

A bright new Left Bank spot is Les Bookinistes, a bottle-yellow and bottle-green bistro devoted to updated French home cooking. The man behind the stove is William Ledoux, who has won praise for his cooking at Guy Savoy's Bistrot de L'Etoile Lauriston. Les Bookinistes (an anglicized play on the French word for bookseller) is Savoy's first venture across the Seine, and a recent visit suggests it is a sure hit.

The 50-seat bistro looks onto the quai, and in warm weather tables will move onto the sidewalk. Ledoux strikes it right with simple, robust fare in intensely flavored, modern versions of what he was once fed by a doting grandmother in the Loire Valley.

He takes fresh cod, or cabillaud, crushes it and smutes it in virgin olive oil, adds a touch of crushed potato, then a hit of cream, for a brilliant and light salad of brandade. Huge white mushrooms are stuffed with a Parmesan-laced polenta, then grilled and set in a light mushroom broth. Many classics, such as beef with carrots, arrive unvarnished. Just moist, chewy strips of beef topped with an avalanche of carrots. With this, drink the 95 franc (\$17) Chateau de Fresles, a fresh red from old cabernet vines in Angoumois, a vineyard overseen by the pastry king Gaston Lenôtre. My favorite dessert is oversized, warm ma-



deleines filled with bittersweet chocolate and served with vanilla-rich ice cream.

Grand cafés remain Paris's forte, and Parisians have already made the new Café Marly the city center meeting spot. It doesn't hurt that this homey-elegant Napoleon III café looks out on L.M. Pei's glass pyramid in the Louvre's main courtyard, as well as the stunning, skylit interior Cour Richelieu, part of the massive renovation of the museum.

Come June, tables will spill out onto the Louvre terrace. Come for single cups of bracing espresso, a platter of roast chicken, or a wedge of Camembert, enjoy the soft classical music and take in the clever blend of old and new architecture. The bathrooms rate an architectural award of their own.

The Café Indochine's menu reads much like a computer printout of hundreds of Vietnamese/Thai/Chinese restaurants. Yet, a clean colonial decor, waiters in chic beige silk, and a clientele that would be at home in Saint-Tropez, have made this one of the

French Trains: Improved Service?

By Barry James
International Herald Tribune

PARIS — It may not seem like it from the frustration of passengers trying to wrestle tickets from fiendishly complex electronic terminals, but French railways say that problems with Socrate, its computerized reservation system, are almost over.

Sébastien Bachollet, who is responsible for the system, acknowledged that the ease of communication between customer and machine is not all that it should be. He said the most urgent priority is to simplify and speed up the electronic displays on the automatic booking machines in the stations.

But he said the number of complaints from passengers is sharply down, while staff would not for the world want to go back to the old system of thumbing through thick books of fare and route structures.

rather than hundreds, and thus more fare and travel combinations.

Graindorge said the system, inaugurated a year ago, was put into service long before it was ready, with an inadequately trained staff. Passengers were left to cope with a seriously user-unfriendly system, without preparation or information.

He said that the management should have stopped the experiment there and then, but that it obstinately continued to patch the

leading passengers to suspect that the reservation system was specifically introduced to conceal the higher prices.

Because of the recession, there were 8 percent fewer passengers in 1993 than in 1992, and SNCF piled up a 7.7 billion franc (\$1.3 billion) deficit.

Despite the problems involved in putting Socrate into service, Bachollet said SNCF could not have done otherwise but to have bought the system.

A government official cites the Socrate reservation system as an example of how not to run a railroad.

system together as best it could, for example by adding destinations that engineers had forgotten to write into the original program.

As a result, he said, "it took six months for the system to become acceptable and nearly a year before it worked correctly."

Socrate, was supposed to simplify the railway network and make it more flexible, which in operational terms it has, according to Bachollet. The company is now able to revise schedules and timetables with relatively simple programming changes. The system now covers about 3,000 destinations in France and 10,000 abroad.

The program is designed to maximize revenues for SNCF by using techniques familiar to airline passengers. Busy trains are more expensive. Off-peak services are accordingly cheaper to encourage people to use them. Passengers who book in advance will generally find better deals than those who turn up at the last minute. This is combined with a maze of special tariffs covering large sectors of the population. The introduction of Socrate coincided with a fare increase,

One of the advantages of the system is that booking terminals can be installed anywhere there is enough business, and not just in railway stations. For example, terminals have been installed in military barracks, with the special military fares included on the screen. SNCF says it will put more booking clerks at busy stations this summer and will make it easier to buy or modify tickets for the by-reservation-only high-speed trains at the last minute.

The installation of 1,500 booking machines at suburban stations has been a particular source of frustration. The system is slow, leading to long lines of impatient passengers.

Asked why certain machines never seemed to function, Bachollet replied that "people tend to kick them a lot." He promised, however, that the machines will be speeded up and that the "dialogue" between passenger and computer will be simplified. Meanwhile, prepare to be patient.

THE ARTS GUIDE

ARGENTINA

Buenos Aires
Museum of Modern Art, tel: 46-9420. To July 30: "Works by the COBRA group." COBRA was founded in 1948 as an international art movement taking its name from the first letters of the European capitals of the founders: Copenhagen, Brussels and Amsterdam. The exhibition features 150 paintings, sculptures and documents by Karel Appel, Corneille, Constant, Asger Jorn, Pierre Alechinsky and Lucien Kröninger on loan from a private collection.

AUSTRIA

Vienna
Österreichisches Museum für Angewandte Kunst, tel: (1) 711-36, closed Mondays. To May 15: "The Architecture of the 19th Century." Features architectural designs, sketches and models demonstrating the "utopian" force of 19th-century architecture. Posters using the theme of architecture as propaganda are also on show.

BELOJUM

Antwerp
Musée Plantin-Moretus, tel: (3) 232-02-64, closed Mondays. To July 24: "Gerard Mercator et la Géographie dans les Pays-Bas Méridionaux." A celebration of the fourth anniversary of Mercator's death, the exhibition features some original maps drawn by the cartographer, as well as works by other Flemish cartographers of the 16th century.

BRITAIN

Edinburgh
National Gallery of Scotland, tel: (01) 555-8921, open daily. To July 10: "Raphael: The Pursuit of Perfection." The genesis of "The School of Athens" is explored through preparatory drawings and technical information.

Scottish National Gallery of Modern Art, tel: 555-8821, open daily. To June 26: "Medardo Rosso: Impressionist Sculptor." The Italian turn-of-the-century sculptor produced wax over plaster studies of light creating subtle impressions of faces. The retrospective features 40 bronze, plaster and wax sculptures, mostly busts and figure studies, as well as 30 drawings and photographs.

London
Serpentine Gallery, tel: (71) 402-8075. To June 5: "Some West Med. Some Play Away..." 14 young artists from Britain, Europe, the United States and Japan working in sculpture, installations, painting and photography deal with such issues as fear, loss, hope, death and fantasy. The exhibition will travel to Helsinki, Hannover and Albert Museum, tel: Victoria and Albert Museum, tel: (71) 588-6571, open daily. The recently opened Glass Gallery presents a permanent collection of more than 6,000 objects in glass dating back to 2000 B.C.

CZECH REPUBLIC

Prague
Kinsky Palace, tel: (2) 24-81-07-58, closed Mondays. To May 22: "Fairly closed Mondays." Czech Art around the world. Exhibition of book illustrations 1900. "Exhibit of book illustrations and drawings seen as a medium of the projection of the human dream of good, to May 22: 'Architectural presents 1950s.' The exhibition presents approximately 100 plans, models, photographs and drawings documenting architects and architects in the style of the output of Czech art.

Socialist Palace, tel: (2) 24-51-281, closed Mondays. To Oct. 9: "Homage to Dr. Josef Hlasek." The exhibition presents 60 paintings donated by the collector Dr. Hlasek (1870-1948). The National Gallery in Prague Hlasek's collection contained a rich assortment of 17th-century Dutch art and of Bohemian Baroque art.

Residence Spring Festival, tel: (2)

DENMARK

Copenhagen
Nationalmuseum, tel: (45) 33-13-44-11, closed Mondays. To July 3: "White on Black: Images of Blacks in Western Popular Culture." Images and objects that illuminate prejudice against Africans and Afro-Americans in Europe and America. Mapping the role and development of black stereotypes in the West from 1800 up until today.

FRANCE

Marseille
Centre de la Vieillesse, tel: 91-56-28-38, closed Mondays. To June 12: "Poèmes de Marbre: Art des Cyclades dans la Collection Barbier-Mueller." Features 70 works in marble and terra-cotta from the Cyclades, dating from 3000 to 1500 B.C., and discovered in the 18th century.

Nantes
Musée des Beaux-Arts, tel: 40-41-55-55, closed Tuesdays. To May 30: "Le Musée Bolognese: La Peinture Baroque de l'Emilie-Romagne." Features 17th-century paintings from Bologna, including works by Ludovico Carracci and his cousins Agostino and Annibale, Guido Reni and Domenico Zampieri. At the same time, the museum is presenting its collection of 150 Italian paintings gathered by a private collector at the end of the 18th century, and including works by Titorello, Perugino and Carracci.

GERMANY

Berlin
Ständemuseum Musikfestival im Konzerthaus, tel: (30) 90-21-00. To May 11: Berlin welcomes orchestras, France and Sweden in performance of works by Edvard Grieg, Carl Nielsen and Arne Nordheim.

Cologne
Museum Ludwig, tel: (221) 221-29-79, closed Mondays. To July 10: "Der Unbekannte Modigliani." Die Sammlung mehr als 400 Zeichnungen und Skulpturen, die zwischen 1907 und 1914, und die von Paul Modigliani, der der Künstler der Patronen auf ihn in Paris in 1906.

Frankfurt
Alte Oper, tel: (69) 13-40-400. The New York Opera orchestra and choir, conducted by James Levine, perform Wagner's "Der Fliegende Holländer" with Deborah Volgi, Ben Heppner and James Morris (May 12); Verdi's "Luciano Pavarotti (May 13), and the first act of Wagner's "Die Walküre," with Waltraud Meier, Siegfried Jerusalem and Matti Salminen and third act of "Götterdämmerung," with Gwyneth Jones and Wolfgang Sawallisch (May 14).

Wolfgang Architektur-Museum, Deutsche Architektur, tel: (69) 212-38471. To July 3: "Mo-

GREECE

Megaron Concert Hall, tel: 728-2000. A complete performance of Beethoven's "Die Troyens," conducted by Michael Fasson with Hildegard Behrens, Isabelle Vernet and Chris Merritt. May 8 and 12.

IRELAND

Dublin
Irish Museum of Modern Art, tel: (1) 671-8866, closed Mondays. To Aug. 21: "Labour in Art." Showing a historical retrospective of Irish labor from the mid-19th to the mid-20th centuries. A commentary by the journalist Fintan O'Toole tells the tale.

JAPAN

Kyoto
Kyoto National Museum, tel: (75) 541-1151, closed Mondays. To May 15: "Japanese Dynasties." Dynastic art from the late Heian Period, marked by the maturity of the art of the Kamaeura and Murakami-chi periods, when the warrior class began to acquire real power. Aspects of aristocratic society are shown in Buddhist paintings, calligraphy and craftwork.

Osaka
Osaka Municipal Museum, tel: (6) 771-4874, closed Mondays. To May 29: "Grand exhibition of Napoleon." An exhibition introducing the legacy of the French hero through various art from the late Heian Period, and the emperor's crowns, his favorite jewelry, letters in his own handwriting, and portraits painted by such

ITALY

Milan
Teatro alla Scala, tel: (2) 80-81-60. Verdi's "Rigoletto." Directed by Gilbert Delfo, conducted by Riccardo Muti/Maurizio Benini, with Riccardo Ferrati and Leo Nucci. May 14, 18, 21 and June 3, 8, 9, 13, 15, 17, 28 and 30.

LUXEMBOURG

Musée National d'Histoire et d'Art, tel: 47-93-30, closed Mondays. To May 29: "Orfèvres de la Maison Royale de Danemark." This exhibition features works by Parisian silversmiths Thomas Germain, Antoine-Sebastien Durand and Robert-Joseph Augustus for the Court of Denmark, as well as silver items by Danish artists of the 18th century.

NETHERLANDS

Amsterdam
Van Gogh Museum, tel: (20) 570-5200, open daily. Continuing/To May 29: "Pierre Puy de Chavannes." More than 150 portraits, still lifes, landscapes and drawings by the French painter (1824-1896), known for his Arcadian themes and his murals on the Sorbonne, Pantheon and city hall walls in Paris.

NORWAY

Oslo
Astrup Fearnley Museum for Modern Art, tel: (2) 22-93-80-60. To Oct. 8: "Double Reality." Features English figurative paintings by Lucian Freud, David Hockney, Francis Bacon and Leon Kossoff.

PORTUGAL

Lisbon
Teatro Nacional de São Carlos, tel: 348-8408, Sravinski's "The Rake's Progress," directed by David Roger, conducted by Mark Wigglesworth.

SPAIN

Madrid
Centro de Arte Reina Sofia, tel: 467-50-00, closed Tuesdays. To June 13: "Lucian Freud." Lucian Freud, the Berlin-born grandson of Sigmund Freud, with highly realistic nudes, portraits family members, lovers and friends.

SWITZERLAND

Basel
Antikenmuseum Basel, tel: (61) 271-2202, closed Mondays. To June 26: "Pompeii Wieder Entdeckt." Wall paintings, sculptures, jewelry and pottery buried at Pompeii after the eruption of Mt. Vesuvius in A.D. 79.

UNITED STATES

Fort Worth
Kimbell Art Museum, tel: (817) 332-8451, open daily. To Aug. 14: "Impressionist Masterpieces from the Barnes Collection." Cézanne to Matisse. 20 French impressionist and postimpressionist and early modern paintings from the collection of Dr. Albert C. Barnes (1872-1951). Includes paintings by Manet, Renoir, Seurat and Picasso.

NEW YORK

Brooklyn Museum, tel: (212) 638-5000. To Sept. 4: "Louise Bourgeois: Locust of Memory." Works 1962-1993. 25 sculptures and 30 works on paper executed in a variety of media, among them watercolor, charcoal, orange peel and gouache. Metropolitan Museum of Art, tel: (212) 570-7371, closed Mondays. To July 31: "Petrus Christus: Renaissance Master of Bruges." Features the works of 15th-century Dutch master Petrus Christus, including 22 paintings that are remarkable for their luminosity, sketches and drawings and an illuminated manuscript.

WASHINGTON

National Portrait Gallery, tel: (202) 357-2700, open daily. To Sept. 5: "Reporting the War II." Features the lives and work of World War II journalists, including Ernie Pyle, Edward R. Murrow, Margaret Bourke-White and Ernest Hemingway, who brought news from the European and Pacific theaters to the home front.



From left: Cycladic idol shown in Marseille; photograph of World War II cartoonist Bill Mauldin in Washington; Francis Bacon painting, in Oslo, and detail of Petrus Christus's "Portrait of a Lady," in New York.

SINGAPORE

Empress Place Museum, tel: 336-73-33, open daily. Continuing/To July 1994: "War and Ritual: Treasures of the Warring States." An exhibition of Chinese bronze culture from the Warring States period (475-221 B.C.).

SPAIN

Barcelona
Fundació Joan Miró, tel: (93) 329-1908, closed Mondays. To June 19: "Robert Rauschenberg." An exhibition of 200 of his best-known photographs, including nudes, flowers and portraits of celebrities. Also features the platinum prints on linen of 1987 where the artist merges elements of painting and photography.

SWITZERLAND

Basel
Antikenmuseum Basel, tel: (61) 271-2202, closed Mondays. To June 26: "Pompeii Wieder Entdeckt." Wall paintings, sculptures, jewelry and pottery buried at Pompeii after the eruption of Mt. Vesuvius in A.D. 79.

Rate the world's best restaurants with Patricia Wells.

The IHT's restaurant critic has set out on a rare and ambitious gastronomic journey, a search for the 10 best restaurants in the world.

She will be rating, in month-to-month articles, the top restaurants from region to region, and comparing them to one another.

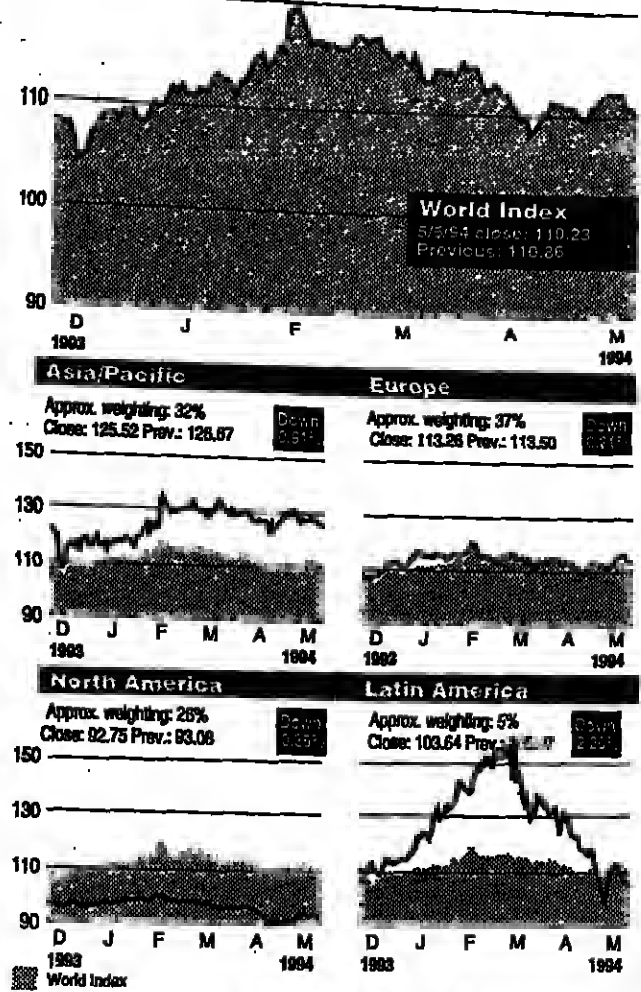
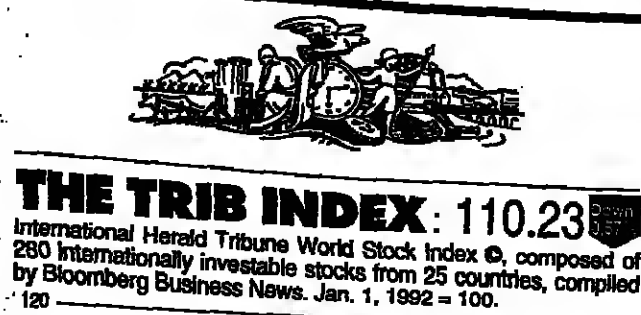
Whether it's the best in dim sum, delicious but secret sushi bars or the finest of French tables, she will guide readers with articles about inexpensive restaurants as well as the grand ones in the world's major cities. She will also share her tips on how to select quality restaurants in unfamiliar territory.

Don't miss this series.

COMING MAY 16TH
SWITZERLAND



Patricia Wells is the author of *The Food Lover's Guide to Paris*, now in its third edition.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major markets. For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

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Study Says SEC Should Regulate Derivatives

By Saul Hansell
New York Times Service

NEW YORK—A congressional study of the complex financial products known as derivatives will recommend that the U.S. Securities and Exchange Commission be given broad powers to regulate dealers and corporate users of the instruments, according to people who have seen versions of the report. It is scheduled to be released May 18.

Although the report does not conclude that derivatives markets have created inappropriate financial risks, it will also present a long list of other changes to laws and regulations to deal with derivatives.

The GAO has shown drafts of the report to several dozen financial regulators and industry officials in recent weeks.

A House subcommittee that had requested the study also held the first of three hearings on derivatives next week.

Derivatives are a broad class of financial transactions whose value is tied to—or derived from—the movements in another market, such as stocks, interest rates, currencies or commodities. While some derivatives, like stock options and financial futures contracts, have long been traded on organized exchanges, a huge over-the-counter market has arisen in recent years.

Some central bankers and regulators have expressed concerns that the complexity and rapid rise of derivatives could create risks among users or dealers that may elude the traditional legal, accounting and regulatory framework. The concerns have been fueled by disclosures by Procter & Gamble Co. and other companies that they lost millions of dollars in derivatives transactions.

The report criticized senior managers at corporations and dealers for not having sufficient knowledge of their firms' derivatives activities. According to people who have seen the report, the most significant recommendation is that companies that are derivatives dealers and not supervised by bank regulators should be regulated by the SEC.

The Polyglot Operator

U.S. Phone Companies Target Immigrants

By Sandra Sugawara
Washington Post Service

WASHINGTON—At MCI Communications Inc.'s newest customer service center in Pentagon City in Virginia, you never know what language you'll hear. Row after row of employees wearing headsets sit at computer terminals, telephoning the long-distance phone company's services in Chinese, Korean, Vietnamese, Thai and Japanese.

The changing ethnic face of the United States is creating an explosion of international calling by immigrants who want to stay in touch with the home country. Long-distance companies are scrambling to target these ever-proliferating customers—an estimated 800,000 immigrants are pouring into the United States each year.

And most spend more than U.S.-born customers. On the average, said Mark A. Schweizer, MCI director of international marketing, South Korean immigrants spend more than five times as much on long-distance as does the average local resident.

"Calling to Asia is growing eight times faster than domestic long-distance calling," he said.

Among his customers is John Kim, a Korean immigrant who works in Washington. He calls his family back home two or three times a month, he said, adding that most Koreans he knows in the United States call Korea regularly. Mr. Kim says it's "very nice" to be able to ask detailed questions in his native language.

Such customers have helped expand transborder calling by consumers into a \$6 billion business in 1992. It is the fastest-growing and most profitable segment of the U.S. long-distance market.

MCI, AT&T Corp. and Sprint Corp. have concluded that to expand their share of the business they must speak these customers' languages. Each has hired Asian, Hispanic and other ethnic marketing and advertising firms to launch ad campaigns and storefront outreach programs that are geared in often meticulous detail to specific ethnic groups.

AT&T has three separate TV ads shot with three different casts—Korean, Chinese and Japanese—showing grandparents in foreign lands listening to their U.S.-born grandchild cry over the phone. The Korean grandparents sing a Korean lullaby

BP Net Soars As Cost-Cutting Moves Pay Off

Compiled by Our Staff From Dispatches

LONDON—British Petroleum Co. said Thursday that earnings surged in the first quarter despite a sharp drop in oil prices as the benefits of two years of cost-cutting paid off.

The company reported that its current-cost net income rose 31.7 percent, to \$328 million (\$492 million), for the first quarter, surprising the markets, which had expected a figure of about \$250 million. Current-cost profit values oil inventories at current market prices.

The company also surprised the market with the announcement that it would raise its dividend to 2.5 pence from 2.1 pence. Analysts had generally forecast an increase later in the year but not at this point.

"They came out with a whopper," said Chris Buckley, an oil analyst at Goldman, Sachs & Co. "I don't think any of us expected it to come this soon," said Mr. Buckley, referring to the payout increase.

"They are really superb figures and show BP's determination to get its cost-cutting measures through and make them stick," said Stephen Turner, an oil analyst at Nomura.

The company cut its dividend in half in August 1992 when a boardroom upheaval led to a drive to slash costs. BP said it planned to raise the dividend "progressively to more appropriate levels as further performance improvements are delivered."

The company's share surged from an opening price of 386 pence to reach a high of 410 pence. It closed at 399 pence.

"The results were strong right across the board," said Simon Flowers, an oil analyst at NatWest Markets. "The decision to increase the dividend shows just how confident the company now is about the future."

"These are excellent results, and they've managed to do it in a very nasty environment," said Gordon Gray, oil industry analyst at Salomon Brothers Inc., who rates BP shares a "buy."

BP said the rise in earnings came from a combination of cost-cutting measures, good downstream margins in the United States, lower interest charges and a return to profitability in its chemicals division.

"The operating numbers are good right across the board, and they cannot be attributed to a fluke in any one operating division," said Mr. Turner.

BP said that refining margins in the United States in the first quarter had been helped by improved economic activity and the unusually cold weather.

BP has slashed about \$1 billion in costs since 1992. About \$100 million of the profit in the current quarter was the result of lower costs, said BP Chief Executive David Simon.

He said that the company has been "playing catch-up" with other

Schimmelbusch Named to New Job

Bloomberg Business News

NEW YORK—Heinz Schimmelbusch, who was fired as chief executive of the German industrial conglomerate Metallgesellschaft AG after the company almost went bankrupt, got another job less than six months after his ouster.

Safeguard Scientifics Inc. hired Mr. Schimmelbusch to head a new subsidiary, Safeguard International Group, which will provide venture capital for companies overseas and primarily in Europe.

"We believe that he has a great amount of talent and connections in Europe," said Steve Rosard, corporate counsel of the Wayne, Pennsylvania-based company. "He gives us an insight into many European markets, which we otherwise would have had a great deal of time and expense to develop."

Safeguard officials declined to reveal how much Mr. Schimmelbusch will be paid. He officially joined the company last week.

Safeguard is an information systems company that manages and creates computer-related businesses. The company had \$1.7 billion in sales last year.

Mr. Schimmelbusch, who had been called Germany's manager of the year in 1991, has been a Safeguard director for the past five years. "He's a friend of the company and he knows how it operates," said James Harke, director of research at Laidlaw Equities Inc.

"I met him. He's a sharp guy with a wide range of knowledge," Mr. Harke said.

Mr. Schimmelbusch could not be reached for comment.

Metallgesellschaft fired Mr. Schimmelbusch on Dec. 17 amid allegations he was part of an effort

Thinking Ahead / Commentary

A Breath of Fresh Air From Japan

By Reginald Dale
International Herald Tribune

WASHINGTON—A young woman from Tokyo, this week treated Washington's jaded Japanologists to a breath of fresh air. As of Thursday, Yukiko Koike was vice minister in charge of deregulation and administration, although she said she expected to be fired soon as part of Japan's continuing political shakeup. She was busy handing out ministerial business cards as "souvenirs."

A founding member of former Prime Minister Morihiro Hosokawa's New Japan Party and a TV anchorwoman by profession, the 41-year-old Ms. Koike represents the younger generation which, she said, is on the way to blasting open the Japanese political and economic system.

She said Japan's political "Big Bang," which will totally rearrange the party landscape, is close at hand. "Changes in Japan historically take place as a result of external pressures. This is the very first change which comes from inside Japan," she said.

Whether or not Japan is actually changing is, of course, the fundamental question for U.S. policy. President Bill Clinton believes Japan will only change if it is bashed into submission by American trade pressure. Ms. Koike insists the change already under way are genuine and says the United States should leave well enough alone.

Ms. Koike stepped straight into the lion's den. She took her message to the Economic Strategy Institute, headed by Clyde V. Prestowitz, one of the most pugnacious advocates of toughness with Japan.

Mr. Prestowitz told her he had seen it all before—a young generation in the 1960s

promising the same reforms as Ms. Koike, and then an endless string of government leaders dodging fundamental change.

Mr. Hosokawa, he said, still had his speaking notes written by the very same bureaucrats as his predecessors—and Mr. Hosokawa's successor, Tsutomu Hata, hardly looked like a reformer either.

Ms. Koike readily accepted it would be difficult for Japan's new generation of politicians to overpower the entrenched bureaucracy. She conceded that Mr. Hosokawa erred in not grasping the chance to reform the budget—still controlled by Finance Ministry officials—and fire a few top bureaucrats before his abrupt resignation.

Reform, she said, should contain three strands: easier public access to information, monopolized up to now by the bureaucrats; the recent law allowing individuals and companies to go to court against red tape; and a new parliamentary mechanism to supervise the bureaucracy.

Consumers should be taught the advantages of deregulation and should mobilize against the old system. But that won't be easy, either. As a member of Ms. Koike's audience pointed out, Japanese housewives recently demonstrated against rice imports when, as consumers, they should have been demonstrating in favor of them.

And, Ms. Koike complained, Japanese parliamentarians are hamstrung by lack of staff. As vice minister, she has a staff of five, only three of whom are paid by the taxpayer.

Ms. Koike said she traveled to the United States alone because it would have been too much trouble looking after her secretary, who doesn't speak English.

Such sad stories didn't move the hard-hearted Washingtonians, who don't believe Japan even wants to mend its ways. Where, they asked, are the signs of popular demand for change, where are the people demonstrating in the streets for economic reform?

The institute's Alan Tonelson told Ms. Koike he just didn't believe the Japanese public and the country's leaders thought their economic system was fundamentally wrong. Politicians were conveniently using the bureaucrats, and "political mechanisms," as a great excuse for inaction.

Too often the desire for political reform, which existed, was confused with a desire for economic reform, which did not. And, Mr. Tonelson added, the impetus for political reform was in any case little more than mounting embarrassment about corruption.

For 20 years, he said, U.S. policy had been based on the assumption that the Japanese consumer was being mercilessly exploited and a consumer revolt was just around the corner. But in fact the system had worked very well for the average Japanese.

After hearing Ms. Koike out, the skeptics still felt the burden of proof was on her. But, as she prepared to head back to Tokyo with her dwindling supply of business cards, they did at least admit that they hoped she was right.

oil majors such as Chevron Corp. and Mobil Corp. in increasing return on capital as a result of its past debt problems.

BP's return on capital has risen to 9.5 percent from 7 percent, but it is still below the average return for the industry of 10.5 percent, Mr. Simon said. The company's goal is about 13 percent to 14 percent, he said.

The company generated enough cash to repay \$593 million in debt, mostly in U.S. dollars, reducing its total borrowings to 78 percent of equity from 85 percent at the end of 1993. Mr. Simon said the goal was 66 percent by the end of the year, or about \$11 billion.

(Reuters, Bloomberg, AFP)

Euro Disney Pares Loss

Reuters

PARIS—Euro Disney SCA said late Thursday that its first-half operating loss narrowed to 1.05 billion French francs (\$187 million) in the period to March 31, from \$1.18 billion a year earlier, reflecting reduced expenses and low interest rates.

The theme park operator proposed to halve the par value of its shares, to 5 francs. It also proposed to offer warrants to shareholders to purchase shares for 10 years at 40 francs. Its stock fell to 32.40 francs from 33.10 on the Bourse Thursday, but trading ended hours before the announcements.

Sales fell to 1.57 billion francs from 1.79 billion. The company said its net loss was 1.05 billion francs, down from 4.23 billion francs, with the difference from operating results linked to a change in accounting methods for cumulative start-up and preopening costs.

Euro Disney said 92 percent of its bank creditors agreed to back its restructuring plan and that it would call a general meeting soon to approve the program. The restructuring includes a 6 billion franc capital increase that would create new shares at about 10 francs each in a rights issue. Walt Disney Co., which owns 49 percent of Euro Disney, is to subscribe to all of the shares apportioned to it.

Euro Disney credited a 25 percent reduction in general and administrative expenses and reduced lease payments linked to low interest rates for its improved result in the latest six-month period.

The company said its proposed warrants were an addition to the restructuring plan, which was announced on March 14.

Measures included in the restructuring did not affect the latest results, but they are expected to be shown in the second half of the current financial year.

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CURRENCY & INTEREST RATES

Cross Rates										Eurocurrency Deposits									
	S	D.M.	£	FF.	Y.	B.F.	S.F.	Yen	CS	Peso		Dollar	D-Mark	Swiss Franc					
American	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00	1 month	4-1/4	5-1/4	3 1/4					
Swiss	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00	3 months	4 1/4	5-1/4	3 1/4					
Japanese	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00	6 months	4 1/4	5-1/4	3 1/4					
French	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00	1 year	5 1/4	5-1/4	3 1/4					
Italian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Spanish	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Portuguese	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Belgian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Dutch	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Australian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
New Zealand	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
South African	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Canadian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Mexican	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Argentine	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Chilean	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Colombian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Peruvian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Ecuadorian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Bolivian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Paraguayan	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
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Guatemalan	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
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Ecuadorian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Bolivian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
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Surinamese	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Venezuelan	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Colombian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Peruvian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Ecuadorian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Bolivian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Paraguayan	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Uruguayan	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Costa Rican	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Guatemalan	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Honduran	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Nicaraguan	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Salvadoran	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Haitian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Dominican	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Jamaican	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Trinidadian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Barbadian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Guyanese	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Surinamese	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Venezuelan	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Colombian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Peruvian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Ecuadorian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Bolivian	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Paraguayan	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Uruguayan	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Costa Rican	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Guatemalan	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Honduran	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Nicaraguan	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Salvadoran	1.00	1.62	0.69	6.55	1.71	2.00	1.36	1.00	1.00	1.00									
Haitian	1.00	1.62	0.69	6.55	1.71	2.00	1.36												

MARKET DIARY

Wall Street Listless Before Jobs Data

Compiled by Our Staff From Dispatches

NEW YORK — Wall Street was listless on Thursday, with investors reluctant to take large positions before Friday, when the Labor Department will release employment data for April.

The Dow Jones industrial average closed down 1.78 points at 3,695.97.

U.S. Stocks

On the New York Stock Exchange, gains in blue-chip stocks were narrowly edged out by losses in light volume of around 250 million shares.

Securities investors also were on edge before the report, with the price of the benchmark 30-year Treasury bond steady at 87-00 and the yield steady at 7.33 percent.

If the employment report shows a lower unemployment rate or the creation of more jobs than economists expect, it could be interpreted as inflationary and drive stock and bond prices lower. It also could prompt the Federal Reserve Board to raise interest rates, as it has in the past.

The market is going to be on edge until the Fed shows its hand, said Steven Saslow, executive managing director at Carroll, McEntee & McGinley.

Among active stocks, FPL Group, the parent of Florida Power & Light, fell 2 1/2 to 3 1/4 on concerns the company would not raise its

quarterly dividend at its board meeting Monday and that the trend would continue through 1995.

A downgrade from Merrill Lynch & Co. to hold from buy also hurt FPL stock.

Kmart was the most actively traded Big Board issue, slipping 1/4 to 15 1/4 after saying that sales in U.S. stores open at least a year slipped 3.2 percent in April.

By contrast, Sears, which said same-store sales rose 12.3 percent in April, jumped 1/4 to 48 1/4.

Southwest Airlines fell 1/4 to 28 1/4 on concern about potential difficulties with a new reservation system and the recent sale of stock by at least one major company investor. Analysts said there was some big-block trading of the stock Thursday.

Oil stocks were lifted by an increase in crude oil prices on the New York Mercantile Exchange. Crude for June delivery rose 4 1/2 cents a barrel to \$17.29. Texaco rose 1/4 to 63 1/4, and British Petroleum's American depositary receipts rose 1/4 to 71 1/4. BP also was lifted after reporting favorable first-quarter earnings.

Sapiens International plunged 3 1/4 to 4 1/4 after reporting a loss for the first quarter, compared with breaking even in the 1993 quarter. Analysts had expected the company to post a gain.

(Bloomberg, AP)

Dollar Stages a Rally As Banks Hug Sidelines

Bloomberg Business News

NEW YORK — The dollar rallied against the Deutsche mark and the yen on Thursday amid speculation that the world's central banks might turn up again soon to support the U.S. currency.

The Federal Reserve and more than a dozen other central banks

Foreign Exchange

bought dollars Wednesday to halt the currency's recent slump. There was no sign of central bank buying Thursday, traders said, but they cautioned that the banks might jump in again if the dollar resumes its slide.

The dollar rose Thursday to close at 1.6665 Deutsche marks, up from 1.6545 DM, and to 102.835 yen from 101.845 yen.

"Central bankers accomplished what they set out to do," said Kevin Lawrie, foreign-exchange manager at Mellon Bank in Pittsburgh. "The dollar is higher, at least for now."

"There has been a significant change in U.S. policy on the dollar," said Paul Farrell, manager of

strategic currency trading at Chase Manhattan Bank.

The dollar had fallen as much as 9 percent against the yen this year amid speculation that the Clinton administration wanted a strong yen in order to cut its trade deficit with Japan.

"The dollar's weakness against the yen was seeping into other exchange rates and other markets," Mr. Farrell said. That is why the White House backed off its tactic strong-yen policy, he said.

But many traders expected the dollar to resume its tumble, regardless of the central bank's efforts. "They put a band-aid on the dollar," said Victor Polce, head of foreign-exchange marketing at Commerciant.

Mr. Polce said that the dollar would resume its slide if U.S. stocks and bonds fell.

Against other currencies, the dollar closed Thursday at 1.4155 Swiss francs, little changed from 1.4160 francs on Wednesday, and at 5.6713 French francs, up from 5.6640 francs. The pound slipped to \$1.4985 from \$1.5020.

The Dow

Daily closing of the Dow Jones industrial average

400

1993

1994

1995

1996

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

2008

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2011

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2088

2089

2090

Dow Jones Averages

Open High Low Close

Index 3695.97 3712.31 3691.51 3695.97 -1.78

Dollars per metric ton 140.47 141.24 140.24 140.74 -0.25

Oil 18.24 18.34 18.24 18.24 -0.11

Copper 131.25 131.75 130.43 130.97 -0.24

Commodities

High Low Close Change

Industrials 325.30 326.30 325.30 -0.25

Utilities 158.10 158.10 158.10 -0.10

SP 500 420.22 421.22 419.22 -0.24

SP 100 418.17 418.17 418.17 -0.14

Standard & Poor's Indexes

High Low Close Change

Industrials 325.30 326.30 325.30 -0.25

Utilities 158.10 158.10 158.10 -0.10

SP 500 420.22 421.22 419.22 -0.24

SP 100 418.17 418.17 418.17 -0.14

NYSE Indexes

High Low Close Change

Composite 321.28 322.28 321.28 -0.25

Industrials 325.30 326.30 325.30 -0.25

Utilities 158.10 158.10 158.10 -0.10

SP 500 420.22 421.22 419.22 -0.24

SP 100 418.17 418.17 418.17 -0.14

NASDAQ Indexes

High Low Close Change

Composite 742.04 742.14 742.14 -0.12

Industrials 771.83 771.93 771.93 -0.11

Utilities 302.41 302.51 302.51 -0.10

SP 500 420.22 421.22 419.22 -0.24

SP 100 418.17 418.17 418.17 -0.14

AMEX Stock Index

High Low Close Change

Composite 402.71 402.71 402.71 -0.09

Dow Jones Bond Averages

High Low Close Change

20 Bonds 78.23 78.23 78.23 -0.24

10 Industrials 100.44 100.44 100.44 -0.24

NASDAQ Diary

High Low Close Change

Advanced 1600 1608

Unchanged 1843 1843

New Issues 98 104

Spot Commodities

Commodity Today Prev.

Aluminum 0.97 0.97

Copper 0.97 0.97

Gold 127.25 127.25

Silver 1.27 1.27

Zinc 0.82 0.82

Market Sales

Today Prev.

NYSE 254.68 254.68

NASDAQ 258.17 258.17

AMEX 258.17 258.17

Commodities

Today Prev.

Industrials 325.30 326.30

Utilities 158.10 158.10

SP 500 420.22 421.22

SP 100 418.17 418.17

NASDAQ Diary

High Low Close Change

Advanced 1600 1608

Unchanged 1843 1843

New Issues 98 104

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Commodity Today Prev.

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Today Prev.

NYSE 254.68 254.68

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Gold 127.25 127.25

Silver 1.27 1.27

Zinc 0.82 0.82

Market Sales

Today Prev.

NYSE 254.68 254.68

NASDAQ 258.17 258.17

AMEX 258.17 258.17

EUROPEAN FUTURES

Open High Low Close

Index 3695.97 3712.31 3691.51 3695.97 -1.78

Dollars per metric ton 140.47 141.24 140.24 140.74 -0.25

Oil 18.24 18.34 18.24 18.24 -0.11

Copper 131.25 131.75 130.43 130.97 -0.24

Commodities

High Low Close Change

Industrials 325.30 326.30 325.30 -0.25

Utilities 158.10 158.10 158.10 -0.10

SP 500 420.22 421.22 419.22 -0.24

SP 100 418.17 418.17 418.17 -0.14

NYSE Indexes

High Low Close Change

Composite 321.28 322.28 321.28 -0.25

Industrials 325.30 326.30 325.30 -0.25

Utilities 158.10 158.10 158.10 -0.10

SP 500 420.22 421.22 419.22 -0.24

SP 100 418.17 418.17 418.17 -0.14

NASDAQ Indexes

High Low Close Change

Composite 742.04 742.14 742.14 -0.12

Industrials 771.83 771.93 771.93 -0.11

Utilities 302.41 302.51 302.51 -0.10

SP 500 420.22 421.22 419.22 -0.24

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AMEX Stock Index

High Low Close Change

Composite 402.71 402.71 402.71 -0.09

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20 Bonds 78.23 78.23 78.23 -0.24

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High Low Close Change

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Unchanged 1843 1843

New Issues 98 104

Spot Commodities

Commodity Today Prev.

Aluminum 0.97 0.97

Copper 0.97 0.97

Gold 127.25 127.25

Silver 1.27 1.27

Zinc 0.82 0.82

NASDAQ

Thursday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month	High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
A											
174	174	174	AAON	0.00	0.00	0.00	0.00	174	174	174	0.00
175	175	175	AAOI	0.00	0.00	0.00	0.00	175	175	175	0.00
176	176	176	AAOI	0.00	0.00	0.00	0.00	176	176	176	0.00
177	177	177	AAOI	0.00	0.00	0.00	0.00	177	177	177	0.00
178	178	178	AAOI	0.00	0.00	0.00	0.00	178	178	178	0.00
179	179	179	AAOI	0.00	0.00	0.00	0.00	179	179	179	0.00
180	180	180	AAOI	0.00	0.00	0.00	0.00	180	180	180	0.00
181	181	181	AAOI	0.00	0.00	0.00	0.00	181	181	181	0.00
182	182	182	AAOI	0.00	0.00	0.00	0.00	182	182	182	0.00
183	183	183	AAOI	0.00	0.00	0.00	0.00	183	183	183	0.00
184	184	184	AAOI	0.00	0.00	0.00	0.00	184	184	184	0.00
185	185	185	AAOI	0.00	0.00	0.00	0.00	185	185	185	0.00
186	186	186	AAOI	0.00	0.00	0.00	0.00	186	186	186	0.00
187	187	187	AAOI	0.00	0.00	0.00	0.00	187	187	187	0.00
188	188	188	AAOI	0.00	0.00	0.00	0.00	188	188	188	0.00
189	189	189	AAOI	0.00	0.00	0.00	0.00	189	189	189	0.00
190	190	190	AAOI	0.00	0.00	0.00	0.00	190	190	190	0.00
191	191	191	AAOI	0.00	0.00	0.00	0.00	191	191	191	0.00
192	192	192	AAOI	0.00	0.00	0.00	0.00	192	192	192	0.00
193	193	193	AAOI	0.00	0.00	0.00	0.00	193	193	193	0.00
194	194	194	AAOI	0.00	0.00	0.00	0.00	194	194	194	0.00
195	195	195	AAOI	0.00	0.00	0.00	0.00	195	195	195	0.00
196	196	196	AAOI	0.00	0.00	0.00	0.00	196	196	196	0.00
197	197	197	AAOI	0.00	0.00	0.00	0.00	197	197	197	0.00
198	198	198	AAOI	0.00	0.00	0.00	0.00	198	198	198	0.00
199	199	199	AAOI	0.00	0.00	0.00	0.00	199	199	199	0.00
200	200	200	AAOI	0.00	0.00	0.00	0.00	200	200	200	0.00

12 Month	High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
B											
107	107	107	AAOI	0.00	0.00	0.00	0.00	107	107	107	0.00
108	108	108	AAOI	0.00	0.00	0.00	0.00	108	108	108	0.00
109	109	109	AAOI	0.00	0.00	0.00	0.00	109	109	109	0.00
110	110	110	AAOI	0.00	0.00	0.00	0.00	110	110	110	0.00
111	111	111	AAOI	0.00	0.00	0.00	0.00	111	111	111	0.00
112	112	112	AAOI	0.00	0.00	0.00	0.00	112	112	112	0.00
113	113	113	AAOI	0.00	0.00	0.00	0.00	113	113	113	0.00
114	114	114	AAOI	0.00	0.00	0.00	0.00	114	114	114	0.00
115	115	115	AAOI	0.00	0.00	0.00	0.00	115	115	115	0.00
116	116	116	AAOI	0.00	0.00	0.00	0.00	116	116	116	0.00
117	117	117	AAOI	0.00	0.00	0.00	0.00	117	117	117	0.00
118	118	118	AAOI	0.00	0.00	0.00	0.00	118	118	118	0.00
119	119	119	AAOI	0.00	0.00	0.00	0.00	119	119	119	0.00
120	120	120	AAOI	0.00	0.00	0.00	0.00	120	120	120	0.00
121	121	121	AAOI	0.00	0.00	0.00	0.00	121	121	121	0.00
122	122	122	AAOI	0.00	0.00	0.00	0.00	122	122	122	0.00
123	123	123	AAOI	0.00	0.00	0.00	0.00	123	123	123	0.00
124	124	124	AAOI	0.00	0.00	0.00	0.00	124	124	124	0.00
125	125	125	AAOI	0.00	0.00	0.00	0.00	125	125	125	0.00
126	126	126	AAOI	0.00	0.00	0.00	0.00	126	126	126	0.00
127	127	127	AAOI	0.00	0.00	0.00	0.00	127	127	127	0.00
128	128	128	AAOI	0.00	0.00	0.00	0.00	128	128	128	0.00
129	129	129	AAOI	0.00	0.00	0.00	0.00	129	129	129	0.00
130	130	130	AAOI	0.00	0.00	0.00	0.00	130	130	130	0.00
131	131	131	AAOI	0.00	0.00	0.00	0.00	131	131	131	0.00
132	132	132	AAOI	0.00	0.00	0.00	0.00	132	132	132	0.00
133	133	133	AAOI	0.00	0.00	0.00	0.00	133	133	133	0.00
134	134	134	AAOI	0.00	0.00	0.00	0.00	134	134	134	0.00
135	135	135	AAOI	0.00	0.00	0.00	0.00	135	135	135	0.00
136	136	136	AAOI	0.00	0.00	0.00	0.00	136	136	136	0.00
137	137	137	AAOI	0.00	0.00	0.00	0.00	137	137	137	0.00
138	138	138	AAOI	0.00	0.00	0.00	0.00	138	138	138	0.00
139	139	139	AAOI	0.00	0.00	0.00	0.00	139	139	139	0.00
140	140	140	AAOI	0.00	0.00	0.00	0.00	140	140	140	0.00
141	141	141	AAOI	0.00	0.00	0.00	0.00	141	141	141	0.00
142	142	142	AAOI	0.00	0.00	0.00	0.00	142	142	142	0.00
143	143	143	AAOI	0.00	0.00	0.00	0.00	143	143	143	0.00
144	144	144	AAOI	0.00	0.00	0.00	0.00	144	144	144	0.00
145	145	145	AAOI	0.00	0.00	0.00	0.00	145	145	145	0.00
146	146	146	AAOI	0.00	0.00	0.00	0.00	146	146	146	0.00
147	147	147	AAOI	0.00	0.00	0.00	0.00	147	147	147	0.00
148	148	148	AAOI	0.00	0.00	0.00	0.00	148	148	148	0.00
149	149	149	AAOI	0.00	0.00	0.00	0.00	149	149	149	0.00
150	150	150	AAOI	0.00	0.00	0.00	0.00	150	150	150	0.00
151	151	151	AAOI	0.00	0.00	0.00	0.00	151	151	151	0.00
152	152	152	AAOI	0.00	0.00	0.00	0.00	152	152	152	0.00
153	153	153	AAOI	0.00	0.00	0.00	0.00	153	153	153	0.00
154	154	154	AAOI	0.00	0.00	0.00	0.00	154	154	154	0.00
155	155	155	AAOI	0.00	0.00	0.00	0.00	155	155	155	0.00
156	156	156	AAOI	0.00	0.00	0.00	0.00	156	156	156	0.00
157	157	157	AAOI	0.00	0.00	0.00	0.00	157	157	157	0.00
158	158	158	AAOI	0.00	0.00	0.00	0.00	158	158	158	0.00
159	159	159	AAOI	0.00	0.00	0.00	0.00	159	159	159	0.00
160	160	160	AAOI	0.00	0.00	0.00	0.00	160	160	160	0.00
161	161	161	AAOI	0.00	0.00	0.00	0.00	161	161	161	0.00
162	162	162	AAOI	0.00	0.00	0.00	0.00	162	162	162	0.00
163	163	163	AAOI	0.00	0.00	0.00	0.00	163	163	163	0.00
164	164	164	AAOI	0.00	0.00	0.00	0.00	164	164	164	0.00
165	165	165	AAOI	0.00	0.00	0.00	0.00	165	165	165	0.00
166	166	166	AAOI	0.00	0.00	0.00	0.00	166	166	166	0.00
167	167	167	AAOI	0.00	0.00	0.00	0.00	167	167	167	0.00
168	168	168	AAOI	0.00	0.00	0.00	0.00	168	168	168	0.00
169	169	169	AAOI	0.00	0.00	0.00	0.00	169	169	169	0.00
170	170	170	AAOI	0.00	0.00	0.00	0.00	170	170	170	0.00
171	171	171	AAOI	0.00	0.00	0.00	0.00	171	171	171	0.00
172	172	172	AAOI	0.00	0.00	0.00	0.00	172	172	172	0.00
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174	174	174	AAOI	0.00	0.00	0.00	0.00	174	174	174	0.00
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Profit Surges 17% For News Corp., But Shares Fall 3%

Compiled by Our Staff From Dispatches

SYDNEY — News Corp. said Thursday its profit rose 17 percent in the third quarter, but the results disappointed shareholders, who sent the stock down 3 percent.

Rupert Murdoch's media conglomerate earned a net 222.7 million Australian dollars (\$138 million) in the quarter on sales of 2.59 billion dollars. Revenue slipped from 2.64 billion dollars in the comparable year-ago period.

For the nine-month period, News Corp. net profit jumped 54 percent to 991.6 million dollars on revenue of 8.4 billion.

News Corp. said its net gain reflected healthy results from its film and television operations and improved earnings from associated companies.

Tax Option Kept Open In Australia

Bloomberg Business News

CANBERRA — Prime Minister Paul Keating refused to rule out tax increases to fund a 6.5 billion Australian dollar (\$4.1 billion) stimulus package to boost exports and job growth.

"I am not in the business of giving guarantees," Mr. Keating told Australia's National Press Club on Thursday, referring to speculation about whether he would seek a tax increase.

Mr. Keating also reiterated the government's intention to step up the sale of assets, a plan seen as a move to help fund the economic package.

But the government won't disclose full details of how it intends to fund the programs outlined in the "white paper," or economic policy document, until Tuesday, when Australia's national budget for the fiscal year beginning July 1 will be presented.

Meanwhile, Australian stock and bond prices sank on investor concern about how the government will finance the package, which is designed to cut the nation's jobless rate from 10.5 percent to 5 percent by the end of the decade.

Bond yields, which rise as prices fall, surged Wednesday after Mr. Keating first announced the plan. The yield on the 10-year benchmark Australian government bond rose slightly again Thursday to 8.80 percent, up from 8.78 yesterday.

Early in the day, the yield rose as high as 8.95 percent, but it dropped back after the Reserve Bank of Australia intervened, analysts said.

Free Enterprise Revives Subic Bay

By Karl Schoenberger

Los Angeles Times Service

SUBIC BAY, Philippines — The big warships don't dock here anymore. The F-16 fighter jets no longer roar overhead. The bar girls have jobs elsewhere, and about 40,000 civilians jobs are gone, lost to a fit of Philippine national pride that kicked the U.S. Navy out of here two years ago.

But now, in the eerie ghost town atmosphere of what used to be the U.S. Navy's largest overseas base, something rather remarkable is happening: free enterprise.

Businesses are starting to blossom inside the gray military buildings that line the gloomy wharves, one of them making Reebok shoes. Federal Express is planning to use the Navy airstrip. Tourists are lounging in a casino hotel converted from a barracks and playing golf on fairways salvaged from the ash fallout of Mount Pinatubo.

Subic Bay, not long ago a Cold War relic symbolizing America's decline in the Pacific, is being transformed into a free-zone port. Backed by foreign investment and an army of "people power" volunteers, Subic is an experiment in economic development that embodies the new optimism rising in the Philippines, the so-called Sick Man of Asia.

Decades of economic malaise — compounded by legendary corruption, political turmoil and a chain of natural disasters — left the Philippines lagging far behind its successful neighbors. But people say things are different now, at last.

The vengeful dictator Ferdinand E. Marcos is dead. And the days of periodic coup attempts against the housewife-turned-President Corason C. Aquino have been replaced by humdrum stability since President Fidel V. Ramos — the general who rebelled against Mr.

Marcos and quashed the insurrections against Mrs. Aquino — took office in June 1992.

The Philippine economy grew 2.3 percent last year, and this year analysts predict gross national product will rise in real terms by more than 4 percent. That performance pales in comparison to the double-digit pace of some East Asian export dynamos. But it's not a bad start.

"I think the numbers are starting to be good for us," Mr. Ramos said in an interview at Malacanang, the presidential palace in Manila. "The conditions for takeoff are in place."

If the economy does take flight, the Subic Bay Freeport Zone is the kind of launch pad that will provide some of the thrust.

It's one of 18 designated areas — including Clark Field, the former U.S. air base — where the government is trying to woo international investment with tax incentives and aggressive publicity. The strategy is to mimic the pattern of rapid industrialization that made "tigers" and "dragons" out of its Southeast Asian neighbors.

"This is the best-kept secret in Asia," said Thomas Leber, president of the American Chamber of Commerce in Manila. He maintains there isn't a scent of genuine anti-Americanism in the Philippines today, despite the base expulsion.

Richard J. Gordon is the cheerful chairman of the Subic Bay Metropolitan Authority, the government agency that runs the free-zone port.

During Mr. Gordon's reign as mayor of Olongapo, a city that thrived outside Subic's gates, he was an early proponent of gradual U.S. withdrawal and conversion of the base into a special economic zone.

The fact that Mr. Gordon now sits in the executive office once occupied by Rear Admiral Thomas A. Merer — the last U.S. commander at Subic — is one of those ironic twists of history. His grandfather, John J. Gordon, waded ashore at Subic Bay with the New York regiment in 1898, the story goes, and later mustered out of the U.S. Army to marry a Filipina and settle nearby.

Mr. Gordon's father served as the first elected mayor of Olongapo until he was assassinated. Mr. Gordon's mother was elected to succeed him. Richard, a practicing lawyer, later took up the civic mantle.

The Philippine Senate, fueled by nationalistic sentiment, voted in 1991 to oust the U.S. military. Mr. Gordon pounced on the opportunity to exploit the billions of dollars in inherited military infrastructure, using all the hoopla and machinery of a political campaign.

By the autumn of 1992, Mr. Gordon had organized laid-off base workers into a skilled force of volunteers. They stepped in to maintain security in the confusion of the American withdrawal that October and November, which itself came in the wake of the catastrophic eruption of Mount Pinatubo.

While the facilities at Clark air base were heavily damaged by volcanic ash and then trashed by looters, Subic emerged virtually unscathed. Volunteers hauled away tons of ash that blanketed the golf course, kept the lawns trimmed and protected 1,576 units of family housing from scavengers.

"If Subic sparks a fire here, we'll be a model that changes the nation's attitudes about discipline and work ethic," Mr. Gordon said. "This will give the Filipino confidence. Subic will grow and become the magnet for the Philippines. You watch."

Philippine National Bank, the country's largest and most profitable financial institution, also said back after scoring 14 percent on Tuesday. PNB bid 5.3 percent to close at 540 pesos.

(Reuters, Bloomberg, AFP)

Auction of Steel Co. Fails
The auction of National Steel Corp., the Philippines' largest mill, was declared a failure by the Philippine government on Thursday because bids were well below the 10 billion peso price target, Agence France-Press reported.

Manila Market Slides as Phone Company Profit Falls

Compiled by Our Staff From Dispatches

MANILA — Philippine Long Distance Telephone Co., the country's largest telecommunications firm, said Thursday that profit fell 13 percent to 912.3 million pesos (\$33.6 million) in the first quarter because of higher capital expenses.

Revenue rose 10 percent, to 4.78 billion pesos from 4.34 billion pesos a year earlier, as earnings from local calls climbed 33 percent to 1.35 billion pesos.

Analysts said the drop in profit had been caused primarily by higher operating expenses connected to the company's campaign to wipe out a backlog of 700,000 applications for telephone lines. The campaign, which began in April 1993, has resulted in an increase of 201,444 lines, to 1.5 million.

Philippine Long Distance's stock fell 3.5 percent to close at 1,925 pesos in Manila, while the Philippine Stock Exchange slid 2.8 percent to close at 2,980.

After yesterday's 4.3 percent index rise, analysts said that Thursday's fall was a necessary breather. "This is healthy," said Mike Jacob, an analyst with Sun Hung Kai Securities.

Philippine Long Distance also said call volume had increased, which analysts said was a harbinger of strong growth. The company still controls 94 percent of the country's telephone lines. "Many foreigners think PLDT remains the best buy in Manila," said Louie Bate, an analyst with Baring Securities.

Gumshoe Catalogs Are a Hit in Japan

The Associated Press

TOKYO — Michiko Mizutani, a marketing consultant who should know a bargain when she sees it, has decided that L.L. Bean Inc. is a good place to find one. She got her plaid shirt, gumshoes and monogrammed canvas tote bag from that venerable American retailer of clothing and outdoor goods.

Miss Mizutani, 27, is one of a growing number of Japanese who have turned to mail-order catalogs, such as those circulated by L.L. Bean, to help stretch their yen during the country's worst economic slump since World War II.

Glassware, computers, kitchen appliances, clothing, furniture — foreign mail-order companies offer almost everything at a cost that, even with shipping charges, is often

around half the price found in Japanese stores.

Japanese shoppers pore over the glossy, full-color pages with the same enthusiasm that American frontier families had for their Montgomery Ward and Sears, Roebuck catalogs.

"Reasonably priced but sophisticated furniture is just not available in Japan," said Mitsumasa Hana-shima, a corporate consultant planning to order from IKEA, a Swedish company. "I'd rather spend money on something I can really appreciate."

Catalog sales make only a tiny dent in Japan's worldwide trade surplus of more than \$130 billion a year, but mail-order companies say that Japanese consumers are increasingly buying from the bulky books.

With the Japanese currency strong on foreign-exchange markets, yen go a lot further abroad than at home, where a convoluted retail system swarming with middlemen drives prices up.

Joichi Ito, president of the Japanese subsidiary of Macys, a U.S. distributor of Macintosh-compatible software, said the company used mail order to skirt the cumbersome retail network.

Discount stores in Japan have brought lower prices for some products, such as simple electronics, snack foods and casual clothing, but foreign mail order seems to hold an irresistible cachet for status seekers as well as the cost-conscious.

On a given day, Japanese clad head-to-toe in sportswear and accessories from L.L. Bean, Eddie Bauer and Patagonia may outnumber those wearing domestically made clothing. L.L. Bean, among the first foreign companies to tap Japan's mail-order market, says its international sales increased 73 percent last year, to about \$100 million. The company, based in Freeport, Maine, has opened two retail stores in Tokyo to help popularize its products.

Some people still have difficulty ordering in a foreign language and dealing with overseas deliveries, but Japanese-language catalogs and order forms, along with magazine articles explaining how to do it, have eased the task.

"If you know the tricks, it's surprisingly easy," said an article in *Hotdog*, a magazine read by young Japanese men. "Not only can you purchase items unavailable in Japan, you can learn from catalogs how to coordinate fashions."

The Japanese government's Manufactured Imports Promotion Organization is fanning foreign catalogs as part of a campaign to increase imports and reduce the trade surplus. Its library of 1,500 catalogs from 20 countries attracted 24,000 Japanese in 1993, more than double the 9,400 who visited in 1992.

Sumio Masuda, an industrial worker who took notes while browsing at the library, said he was considering several items, including anti-slip sole covers from The Safety Zone that cost \$19.95.

"This takes lots of time and effort, but it's challenging, which is part of the joy of mail-order shopping," he said. "The biggest advantage is the prices."

Miss Mizutani, who shows off her Bean wear at the office on casual Fridays, has even converted her parents. "My mother first thought it was a store specializing in extra-large sizes because of the name L.L.," she said. "But she's a big fan now."

Australia Says NAFTA Could Hurt Asian Exports

Agence France-Press

SYDNEY — Exports from Australia and Asia could be hurt by a shift of production to Mexico in the wake of the recently signed North American Free Trade Agreement, an Australian government report said Thursday.

It also warned that NAFTA could encourage the proliferation of discriminatory trade agreements or the division of the world into trading blocs to the detriment of the multilateral trading system.

But it said NAFTA could also have beneficial effects in such areas as intellectual property rights and

resolution of disputes, which would establish important precedents for other trade agreements.

The report, prepared by the Department of Foreign Affairs and Trade, is an analysis of the implications for Australia of the NAFTA trade pact linking Canada, the United States and Mexico, which came into effect last week.

Among other conclusions, it indicates that the implications are worse for some Asian countries than for Australia.

While it found the direct impact of NAFTA was unlikely to be severe for Australia, it found that

some exports, such as coal and car components used by some Asian countries in manufacturing their exports to North America, could be the worst affected.

The report added, "It is possible that companies will shift at least part of their production from Asian countries to Mexico in order to be a competitive supplier to the U.S. market."

Alternatively, companies trading out of Asia could find themselves replaced as suppliers to the North American market by others established within NAFTA.

Such adjustments were most likely for textiles, clothing and motor vehicle industries, as NAFTA's provisions were more restrictive than those that applied previously, the report said.

Departmental experts say the Australian exports most likely to be hit were commodities such as coking coal, iron ore and other ores used in the manufacture of steel and coal used for electricity generation.

Wool and components of larger products such as motor vehicle parts which are now a significant Australian export would also be affected, the report says.

CHINA: Government Moves to Rein In Oil Market

Continued from Page 13

abnormality on speculation," an exchange official said.

When the market opened, petrol for June delivery jumped to 2,491 yuan (\$287) a metric ton, up 22 yuan from Wednesday, and diesel for the same delivery period rose 18 yuan to 2,128 yuan a ton.

Sources said China urgently needed to reduce its domestic inventories as it struggled to revamp its overtaxed domestic product distribution network. Distribution has grown chaotic in the wake of the rapid deregulation of China's oil industry — one of the world's largest — since late 1992.

Most of China's oilfields and refineries are in the north, but the fastest-growing regions are far to the south.

With Chinese rail, road, port and pipeline systems strained to the limit, many southern buyers have been forced to import crude and products to keep up with explosive oil demand.

Double-digit demand growth should have quickly depleted the high domestic inventory. But many refiners, facing fierce competition from cheap imports, were reluctant to sell their own products at market prices because of their high production costs.

Under the new import regulations, only three state-owned oil companies — China National Chemicals Import-Export Corp., China International United Petroleum & Chemicals Co. and China Oil — will be able to import crude

oil after July 1. Any other companies that need crude oil will have to pass their requirement to these companies to be filled.

Sinochem and Unipac will also be the only companies after July 1 allowed to import refined products.

Foreign companies that process crude oil in Chinese refineries will have to submit nominations to the trio of state firms. Third-party processors will have to sell all their production to export markets.

A state oil company source said the latest ban applied to petrol,

gasoil and crude-oil imports, but other refined products, such as naphtha and fuel oil, would not be affected.

Traders said they were skeptical that China would stop importing petroleum products altogether.

"With China, the official party line can be a 'ban,' but it is possible that those companies with special reasons can be allowed to import on a case-by-case basis," a trader with a processing commitment in China said.

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Amsterdam, 3 May 1994.

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Notice to the Shareholders

At the Annual General Meeting held on 29 April 1994, the shareholders decided the payment of a dividend for the following components of the Dividend:

Global Bond US\$ 0.35 per dividend share
European Fixed Interest £M 0.30 per dividend share
Sterling Fixed Interest £M 0.50 per dividend share

The dividends will be paid on 6 May 1994 to shareholders on record on 29 April 1994 against remittance of coupon N° 7. The ex-dividend date will be 29 April 1994.

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By order of the Board of Directors

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ADVERTISING SECTION

Poland, where East meets West today in an economic summit, is a place of economic growth, shops with loaded shelves and a (mostly) lively stock exchange. Behind the exhilarating opportunities, however, there are still some shadows.

ECONOMIC U-TURN SETS THE STAGE FOR A BOOM

Poland appears poised to play a more significant role in the development of post-communist Europe than seemed possible even two years ago.

This is due to a combination of economic success and political stability, in the context of the unexpected setbacks in other former Soviet satellites.

Westerners had assumed that it would be relatively easy to restore democracy in the countries of Central and Eastern Europe, but they were braced for the worst in contemplating the economic changes that would be required to wrench the region from the stagnant but "safe" world of Soviet subsidies and central planning to the perils and promises of a Western capitalist country.

The opposite appears to be the case, at least for Poland. The economy seems to be expanding almost on automatic pilot. The "Polish shock" changes of 1990 laid the groundwork for the U-turn in policies that enabled Poland to be the first former Soviet-satellite country to emerge from the industrial slump of 1990-91 with an economic growth rate of 4 percent in 1993—the highest in Europe.

The previously starved service sector has taken off. There is a consumer boom that surpasses any predictions and also makes a mockery of the official in-

come statistics. Consumer imports from the European Union jumped from 7.7 percent in 1988 to 15.3 percent in 1992, with overall imports rising to 29 percent, while exports were only 8.1 percent. The proliferation of new stores continues at a fast pace. And there are buyers, providing markets not just for Western imports but also for the Polish producers who are finding their footing in the market.

The economic boom is messy and is unevenly felt. The tax system, with some

Growth rate reaches 4 percent

of the highest rates in Europe (49 percent payroll taxes for employers and 40 percent rates for individuals), has caused a tax revolt that is spurring innovative "consultative" structures in the workplace. That worsens the troubled national budgetary picture, especially with the still-formidable load of social safety-net health and pension costs.

The recent London Club debt settlement should be a big spur to construction projects, many of which have been curbed by a lack of Western bank backing. Jan Jakobsche, director of the Warsaw City Council's development office, says, "We have three or four projects ready to go."

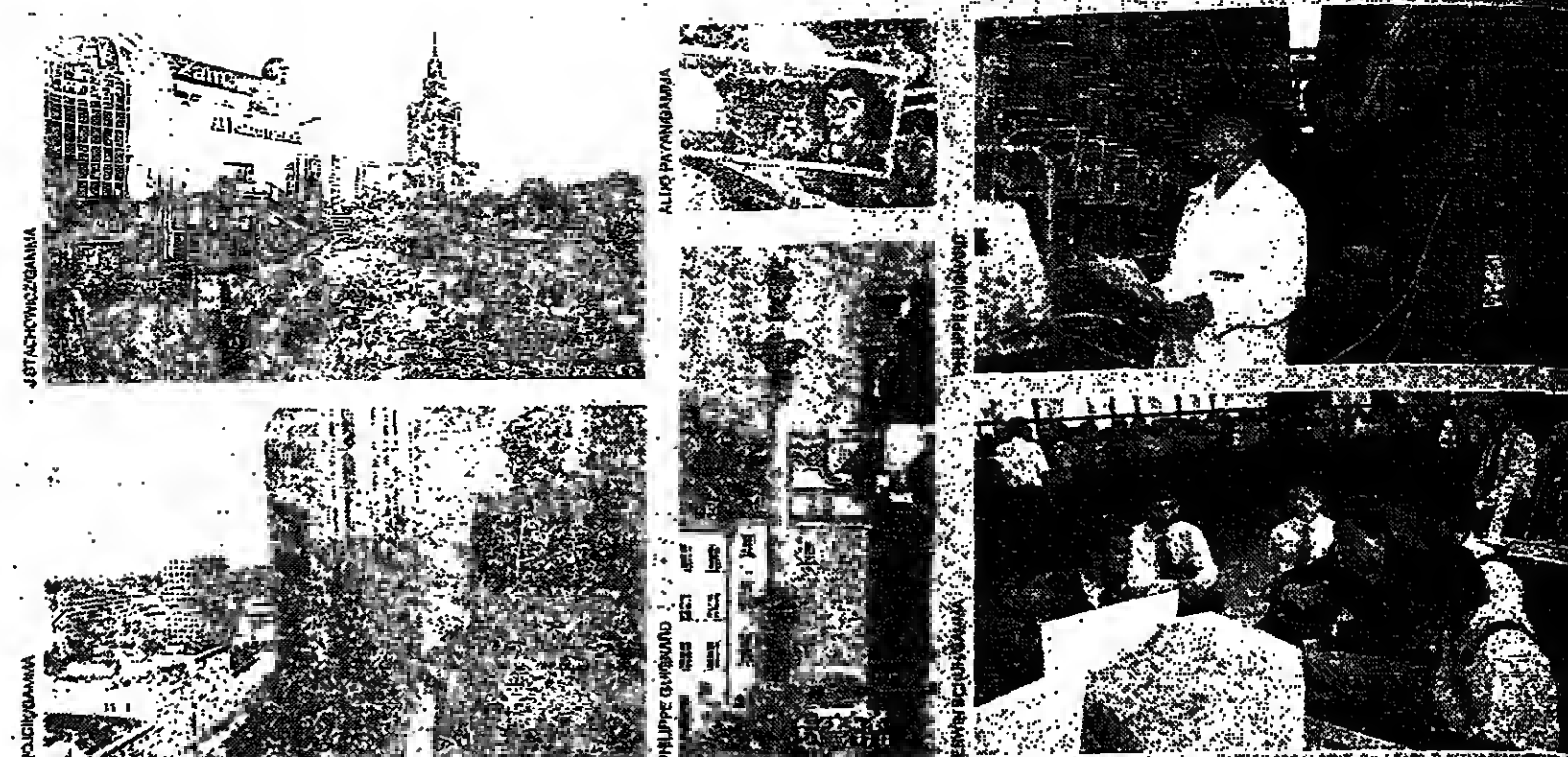
Balancing that step forward is concern about the new wave of strikes. "All these factors matter," Mr. Jakobsche says. "People who know Poland and have been here for some time operate without any attention to the internal factors like strikes, but for the newcomers they could create fear."

The economy may be on an amazingly steady upward trajectory, but individual apprehensions about what lies ahead have contributed to a political turbulence that continues unabated. The reasons are partly the impact of those same "shock" policies that are cause for celebration for economic analysts, and partly the disintegration of the worker-elite Solidarity coalitions that had been backed by half the society in the 1980s.

The Western assumptions that it would be easy to restore civil society and to encourage the creation of "self-interest" groups that had been prohibited under state socialism have proven to be off base.

Society remains politically atomized, with few of the national political parties having any local bases outside of a handful of major cities.

Ironically, while most political, union and media attention is focused on the dramatic strikes of coal miners protesting potential cutbacks under restructuring plans or farmers blocking trucks car-



The new and the old (top, left to right): Warsaw's first McDonald's, with the Soviet-donated Palace of Culture in the background; Copernicus (1473-1543), Polish founder of modern astronomy, is honored on banknotes; telecommunications are being brought into the 20th century; (bottom) a statue of King Sigismund, who made Warsaw the capital in the 16th century, separates the symbols of modern Warsaw, the businessman on the phone and stock-exchange dealers trading privatization shares.

rying Western imports, jobs are being created by the millions in the booming service and retail sectors, as well as in many greenfield manufacturing plants.

In many heavy industries, workers who oppose privatization are outvoted by those who want outside investment, technology, management—and the higher wages that may go with them. This was the case at the Szczecin shipyard, which has just completed the first stage of the privatization that began in 1991. Ships are now be-

ing turned out every five months, compared with every 15 months under the past regime, with wages almost triple the national average, at above 9 million zlotys (about \$400) a month.

With a highly educated population of 38.5 million (many have advanced degrees, but there is also a rich mix of factory-floor engineering and mechanical skills), Poland's homogeneity is now counted as a major stabilizing factor.

The Poles emerged from state socialism with a sophisticated industrial base, especially in heavy industry and defense-related fields, but also with a vast array of factories producing low-tech and often low-quality goods for monopoly markets.

There was a dire neglect of even basic repairs to the industrial infrastructure; the imperative had been to produce, with little money used for technological improvements. When Thomson Polkolor bought controlling shares in a suburban Warsaw color-television tube-manufacturing plant built in

the 1970s, it had to replace thousands of meters of glass and pipes. But the work force had high skills and a high incentive to get on with the job. At Thomson Polkolor, production in the first full year of operation surpassed the output of the entire previous history of the plant.

When the Swiss-Swedish power-engineering group Asea Brown Boveri Ltd. (ABB) made its first joint-venture forays in Poland in 1990, it brought in Swiss engineers to consult with

workers and managers on introducing steam and gas-turbine technology, as well as on more generic quality control and plant-management issues. Three years later, the Polish workers, now teaching the Russians at a new ABB facility near St. Petersburg.

ABB's director in Poland, David Hunter, says that Polish workers can be as productive as any in the world. The products of ABB's 12 Polish plants are being sold in the United States, Finland, Crete and elsewhere.

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LMS

WARSAW - A MEETING PLACE BETWEEN EAST AND WEST



LADIES AND GENTLEMEN:

It is with great pleasure that I invite you to Warsaw, a city poised on the threshold of enormous opportunity. Warsaw, the capital of one of the first countries in this part of the world to enter onto the road of democracy and a free-market economy after many years, has everything necessary to become an important international center. The traditions of our city support such ambitions. The basis for an important international center—a place for culture, science, and commerce—must be a fully functional large city, a European metropolis. While this functional aspect is not always apparent, progress has been made. The degree to which Warsaw has changed for the better is best seen by those who were here long ago. Color, life, a new spirit and youthfulness, vibrancy—this is how foreigners and residents see the city.

The Warsaw of the 21st century—a mere six years away—must be a city friendly to its citizens, a city to which they will want to return.

Wishing you a pleasant stay in Warsaw, please accept my wholehearted invitation.

Dr. Stanislaw Wyploszowski
The Mayor of Warsaw

WARSAW REAL ESTATE MARKET

The commercial property market in Warsaw was brought back to life by the economic and political changes that occurred in Poland at the end of 1989. It has seen rapid rental growth over the last two years, which has left the top rents at incredibly high levels, easily competitive with those of the Parisian Golden Triangle and the City of London.

Since 1990, the demand for office space in Warsaw has not ceased to increase. The yearly take-up rate has boomed from about 10,000 square meters per year in 1989 to 80,000 - 120,000 sq.m. in 1993, and is likely to increase beyond this figure. With the limited supply of office space and especially of "top specification" premises (at the end of 1992 amounting to about 280,000 sq.m.), the long-term demand is far from being satisfied. Notwithstanding the recent increase in "top specification" office space on the market (from 160,000 sq.m. in 1989 to 280,000 sq.m. at the end of 1992), top prices have stabilized at high levels of \$45 to \$55 sq.m./month for the best locations in downtown Warsaw such as the Marriott - LIM Center on Jerozolimskie Avenue and the Blue Tower on Plac Bankowy. The poorer quality offices in downtown Warsaw achieve rents between \$10 and \$30 sq.m./month, depending on required renovations, telecommunications facilities, location, etc.

Warsaw is just a step away from invasion of major retail distribution chains such as Marks & Spencer, Pizza Hut, McDonald's and Burger King. Their arrival will mean a growing need for further development on the shop market. The rental rates in borough-owned premises are usually dictated by each borough's social and development policy, and generally are much lower than for comparable premises on the "free market." In downtown Warsaw, rent range in Zloty equivalents from \$5 to \$30 sq.m./month, depending on the location and the type of shop to be installed. In other districts, they can go as low as \$2 sq.m./month. On the "free market" the rents range currently from \$35 to \$80 sq.m./month. Top prices are found in the most exclusive premises located in the newest centers, but a market rate for a well-located shop is closer to \$45 to \$60 sq.m./month.

Industrial areas cover about 2,000 hectares, equivalent to about 5% of the total area of Warsaw. Rents vary from \$2 to \$8 sq.m./month, depending on the location and the amount of refurbishment required. The ones in greatest demand are the premises located within a 10 kilometer-radius of the Warsaw Okęcie Airport. Sale prices range anywhere from \$150 to \$350 sq.m. for production halls located in Warsaw to \$100 to \$170 sq.m. for buildings situated at a distance of 25 kilometers from the city.

Source: Coudert & Kubus - Bourluis, 00950 Warszawa, Krakowskie przedmieście 13.

THE DEPARTMENT OF DEVELOPMENT PROMOTION

The Department of Development Promotion of the Warsaw City Council promotes activities in such fields as real estate transactions, the development of municipal infrastructure and the participation of private capital in the restructuring of communal enterprises and municipal construction companies.

The city is interested in collaboration in the realm of building municipal infrastructure facilities, hotels, recreation centers, business centers, multi-story garages, etc.

The Department provides detailed information and contacts as well as assistance in developing and investor operations in Warsaw. The Department of Development Promotion also acts in advertising and other kinds of economic activities within Warsaw.

Please contact us directly
The Department of Development Promotion of the Warsaw City

Contact may be reached at the following numbers:
Phone 20-10-40 - Fax 30-12-05-48
Telex 81-65-29
As well as directly in the City Council
Office, suite 1201 Plac Bankowy 3/5



WARSAW INTERNATIONAL FAIRS

A decision taken by the Authorities of the Capital City of Warsaw has set up the Warsaw Fair and Exhibition Center, Ltd., which is conducting preparatory work on the construction of the Fair Center in Warsaw.

It is an exceptionally attractive location between the airport and the City Center. Plans envisage the building of modern exhibition halls, a hotel and a conference center, all fulfilling world standards. The erection of a large commercial center is also being considered.

This exciting project is something worth taking part in.
Information will be given by
Warszawskie Centrum Targowo-
Wystawowe Sp. z o.o.
(Warsaw Fair and Exhibition Center, Ltd.)
ul. Niecka 2, Warsaw, phone/fax 27-05-01

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Warsaw Development Information Centre

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• Land search and acquisition

• General Warsaw economic information

• Investment opportunities information

• Investment opportunities information

• Investment opportunities information

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CROWDED SHELTER

Warsaw, together with its surrounding area, makes up an agglomeration of 2.45 million inhabitants.

Some 77,000 economic entities are registered within the city limits of this figure, approximately 11,800 are industrial plants (over 900 large ones) and 34,900 trade outlets.

The electro-machine industry is dominant in Warsaw, it manufactures automobiles, tractors, machine tools and construction equipment.

The service sector accounts for about 30% of the economic potential of the city and is developing dynamically, especially financial, insurance, and transportation services.

Employment encompasses 640,000 persons. The city offers a highly qualified work force. The unemployment rate is the lowest in the country, only 4%.

Warsaw is Poland's largest scientific and cultural center. It is the seat of seven state and 13 non-state universities and colleges, under the auspices of the Ministry of National Education, with an enrollment of 72,300 full-time students.

The largest of these is the University of Warsaw (25,450 students), followed by Warsaw Technical University (14,130 students).

The City has 44 hotels with 12,209 beds. Three of these hotels have five stars.

Warsaw is a city of 598,000 dwellings, 80% of these were built after the war. The average per capita usable floor area works out to 17 square meters (183 square feet).

The advertising section of the Warsaw Department of Development Promotion and Business Development is located in the City Council Office, suite 1201 Plac Bankowy 3/5.

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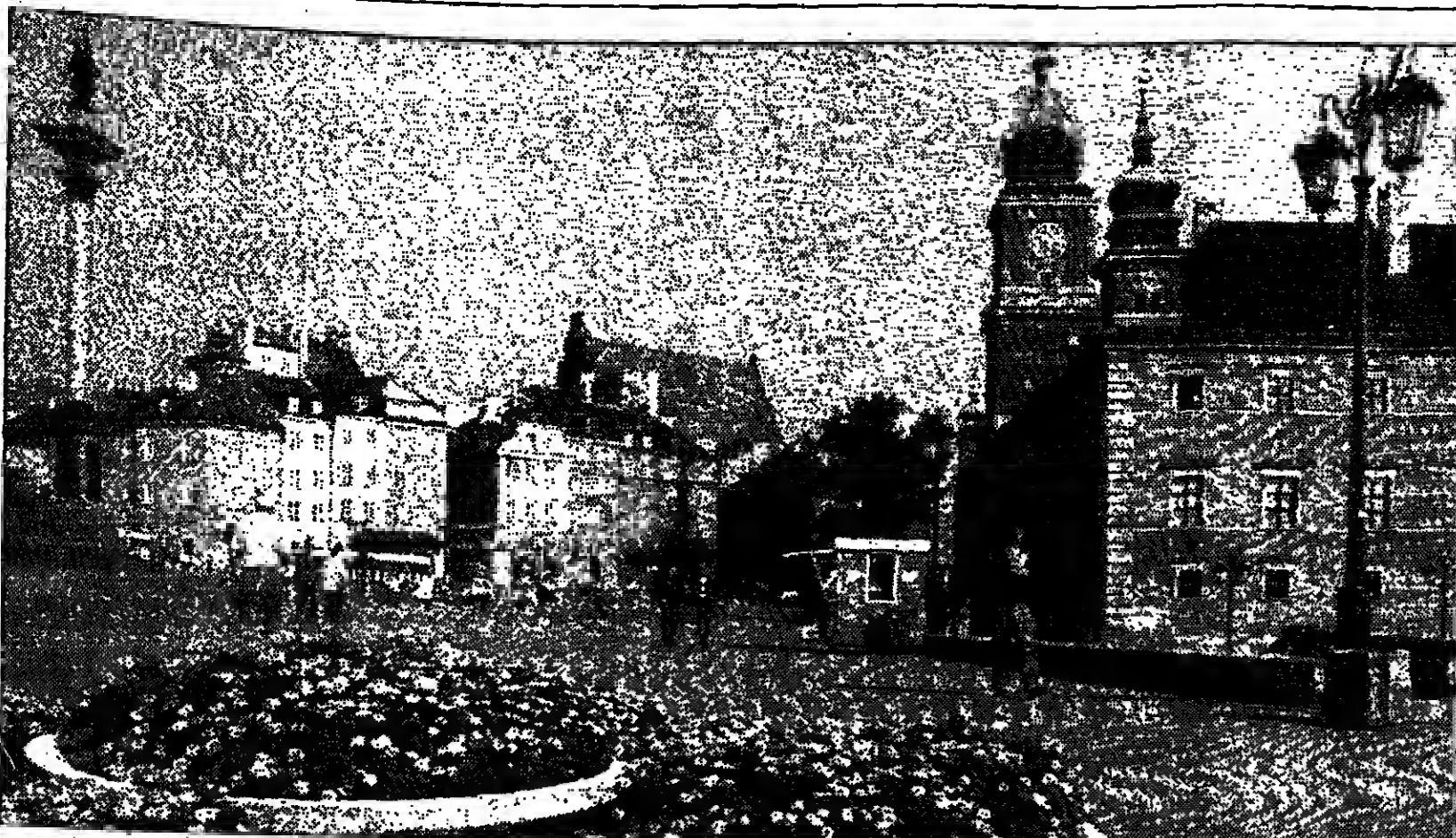
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After being reduced to rubble during World War II, Warsaw has been carefully rebuilt, often reproducing the old architecture, into an elegant, flower-filled city.

WARSAW EASES THE PATH OF REAL-ESTATE INVESTORS

Pairing potential investors with property they can develop is not an easy task in post-Communist Poland, where property rights from the past affect the present options in often dramatic ways.

Abandoned warehouses may be ideal for storage or distribution, and empty lots in prime downtown locations are promising greenfield sites, but there can be costly, hair-raising delays in getting clear title to these properties.

Four years into the reform process, however, acquiring property is getting easier, although all the problems have not been solved. On national, regional and municipal levels, emergency efforts are under way to streamline the process and to provide clearinghouse offices for investors—at least for the latest information about what is available and what needs

to be pursued further before ownership questions are cleared up.

That job is easier in some cities and towns than others. In many cities, the former Communist government nationalized some properties but not others, and former owners can often prove property claims with deeds that can be verified, leaving only the price to be determined.

Warsaw, the most sought-after city in terms of prime downtown real-estate space and the industrial property surrounding it, posed problems from the outset. The downtown area was almost totally destroyed by waves of aerial bombing 50 years ago this August, when the Warsaw uprising occurred.

When the Soviet rulers succeeded the Germans at the end of World War II, they nationalized all private property in Warsaw, and the rebuilding began. A half

century later, when the first Solidarity government began changing the economic and political systems, privatizing state-owned property was a priority. Accomplishing this was difficult, especially since hundreds of thousands of people paid a pittance in rent for apartments built on the ruins of prewar Warsaw.

One of the first property changes had symbolic value as well as real consequences: the Communist Party was stripped of its massive downtown "white house," which was renovated to house the Warsaw stock exchange and offices for state banks and international development agencies.

In 1990, many "stores" operated on the sidewalks from rudimentary folding tables or camping tents, because there was no way to free up the thousands of empty street-level spaces in

the gigantic bureaucracies, office buildings and apartment complexes.

Today, street trading continues, but tens of thousands of small and large stores have opened to brisk customer traffic on all major streets. The consumer boom has accelerated as a result.

The Warsaw Development Office of the Warsaw city government has taken the offensive in helping investors find their footing. It has surveyed the city's empty plots and vacant property to find out which of them have clear titles and are available for immediate purchase or leasing bids. Sometimes the land is owned by the city itself, a legacy of the 1945 nationalization process, and in some cases, the city can make a deal with an investor.

The city has prepared a map showing empty spaces and empty buildings. Piotr Urbanski, deputy director of

the city council's development office, says, "This is only a first step. You have to look at clear-title issues after this."

The Warsaw Development Office helps in that process, too, but Mr. Urbanski assumes that most investors have their own lawyers and investment counselors to deal with clear-title issues.

Many key downtown sites have been developed, including several new business centers, four-star hotels and office and shopping-mall complexes outside the center. Mr. Urbanski has a list of potential downtown development sites, including a \$250 million, 300,000-square-meter plot adjacent to the central railroad station. Right now, the space is occupied by a maze of bus and taxi lanes, but these could be rerouted to accommodate a major hotel and office skyscraper complex, according to Mr. Urbanski.

Poland

VOLATILE STOCK MARKET ATTRACTS NEW PLAYERS

Tens of thousands of Poles are playing the stock market. This explains its explosive growth, with the volume of daily transactions surpassing those of major Western stock markets.

That has been a mixed blessing. The president of the stock exchange, Wieslaw Rozluccki, says that the breadth of individual accounts indicates a commitment by rank-and-file Poles to the market but also makes the exchange highly volatile. In one week in April 1994, for example, the exchange plunged by more than 30 percent.

The massive, unpredicted surge to the market in 1993 and early 1994, after a slow first two years, overtaken the available supply of brokers and the capacity of the telecommunications network linking customers to brokers.

The 700 percent rise in share prices, the highest in the world, alarmed many analysts, who said prices were far beyond what earnings in the 23 companies then being traded might warrant.

The Poles, however, sold other assets and took second or third jobs to get into the market. They formed hours-long lines outside the besieged brokerage houses, clamoring to buy shares or to open new accounts.

When the exchange began in 1991, seven companies were listed, and average transactions for the first year were below 1,000 per trading session.

By April 1994, there were more than 60,000 transactions each session. "The activity of our exchange is a good indicator of future growth," Mr. Rozluccki says. "The average turnover has

been about \$1 million a day."

The bottlenecks in clearing such huge numbers of orders took their toll, coming to a head during the chaotic trading days after the introduction of stock for Bank Slaski early this year. A key Finance Ministry deputy minister and reformer, Stefan Kawalec, was blamed for underpricing the shares on behalf of the government after they shot up to levels dozens of times higher than the original offering bid.

Partly because so few shares were offered and because the brokerage house handling the shares was late in sending out confirmation orders, the price kept skyrocketing. There were 800,000 transactions for the bank stock, driving the investment activity to unexpected levels.

At the end of 1993, there were 28,000 investment accounts; by February 1994, after the Bank Slaski stock went on sale, there were nearly 550,000 accounts. This increased both anxiety and logistical problems. By spring 1994, many more brokers were opening their doors, including some foreign banks with offices here.

Dozens of other companies prepared to put themselves on the stock exchange. But the trouble over Bank Slaski may have provided the push that caused April's major tumble.

Critics of the exchange included Prime Minister Waldemar Pawlak, whose year-end 1993 speech to Parliament implied that stock-market gains were not entirely legitimate—that real wealth came only from factory production, an echo of past state-socialist dogma. Significantly, however, Mr.

Pawlak took no steps to follow up his Parliamentary rhetoric that might alarm investors. So far, for instance, stock-market gains remain tax free.

Analysts expect that liquidity in the stock market will ease the turmoil. By the end of the year, Mr. Rozluccki expects there to be at least 50 companies on the market. Once the mass privatization program is in full gear, another 300 to 500 companies could be traded on the market, via shares in the National Investment Funds.

Mr. Rozluccki is bracing for further stock market drops and has been preparing Western analysts for that prospect. He notes that tens of thousands of Poles are



The huge volume of activity on the Warsaw Stock Exchange puts a strain even on modern technology.

learning the ropes of the market and, judging by what has happened in recent decades in other emerging democratic, capitalist countries like Thailand, Malaysia and Taiwan, "once people are interested, they will stay."

CROWDED SHELVES TEMPT CUSTOMERS

There is a consumer boom under way in Poland that defies the official statistics, which show low incomes and relatively tight discretionary-spending budgets.

The fast growth in retail stores has provided outlets for the surge of consumer goods. These were at first produced in the West and imported but, increasingly, homelike products are getting brand-name recognition and are vying for customers with high-gloss packaging and marketing.

This growth has been made possible, in part, by the near-total meltdown of the previous organization of stores and the emergence of more contemporary retail outlets.

One of the understated

factors has been the appearance of self-service stores. They did not exist under the previous political-economic system, which dictated nearly every facet of who sold what to whom. "Customer service" was not high on that agenda.

Before 1990, the long lines outside nearly every small storefront were due to the "shortage economy," in which demand did not determine supply, and to the way the retail sector was organized.

There were no drugstores or grocery stores, let alone specialized hardware, beauty-care or health-food stores. The state-owned Ruch kiosks were the one-stop outlets for virtually all non-food items, including newspapers and magazines, cigarettes, soap, condoms, lip-

stick, deodorant and even bus tickets. The few exceptions were stores organized generically, such as the *papiernosy* stores—the only places to find anything connected with paper, such as notepads, file folders, stationery and toilet paper.

In these shops, as in the cramped grocery, milk, bread or meat shops, store clerks were on one side of the counter with the goods behind them and customers were on the other side, crowding against each other. Impatience and short tempers were the norm, especially since shopping was squeezed into the working day because stores closed early, by government fiat.

Today, there are 24-hour stores selling groceries or liquor, and providing rental cars or duplicating services.

Specialized shops, including pet stores, garden-service shops, computer equipment and software stores, beauty salons, perfume shops and contemporary home-furnishing markets, are doing exploding business.

Everywhere, self-service is becoming the norm. This has fueled a huge increase in customers and in sales. Producers sometimes do their own door-to-door marketing and delivery, while distribution channels involve trucks, warehouses, and sales and supply staffs.

In Warsaw and a growing number of other cities, there are not only warehouse-sized food markets but also many medium-sized markets packed with an enormous variety of food products vying for eye-level shelf or freezer space.

PRIMED FOR PROFIT

Poland's GDP growth rate

Year	GDP Growth Rate (%)
1989	6.6
1990	9.0
1991	1.0
1992	5.0
1993	10.0

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PAIZ's mission is to attract foreign investors to Poland, help them identify suitable options and provide assistance throughout the investment process.

The Agency:

- compiles all essential information related to foreign investment process
- organizes and participates in fairs, meetings and seminars in Poland and abroad
- maintains and expands a comprehensive contact network with all relevant central, regional and international organizations
- identifies and develops individual investment opportunities throughout Poland
- assists Polish authorities to improve laws relating to foreign investment

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Fax: (+482) 621 06 23
Satellite: (+4839) 12 04 44

The PAIZ Information Centre offers a wide range of fact sheets and other publications of interest to the potential investor. Information Centre officers answer enquiries, provide personal assistance and help develop individual action plans. This action plans are further elaborated and implemented with the assistance of PAIZ Project Managers.

PAIZ Project Managers specialise in the following priority sectors:

- Food processing
- Mechanical and precision engineering
- Electrical and electronics industry
- Construction and civil engineering
- Automotive components
- Tourism
- Individual investment projects in all other sectors are serviced by a General Project Manager.

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Poland

TOURISM: AN OPPORTUNITY WAITING TO BE EXPLOITED

Poland is a country of lakes and mountains, historic castles and ancient city squares. In short, it could be a tourist haven, but so far, that is the potential, not the reality.

The number of foreign visitors to Poland nearly tripled between 1990 and 1993, from 22 million to 60 million.

Some were consultants, part of the "Marriott brigade" of foreign advisors on privatization or banking reform. Increasingly, they were real tourists as well as travel agents scouting the landscape.

Today, with most resorts no longer financed by state enterprises, there is a glut of unused, low-tech vacation homes in Poland that can be rented or purchased by outsiders.

More than 2,000 of them are controlled by the Employees Holiday Fund coordinated by OPZZ, the labor union once attached to the Communist Party. Hundreds of other resorts are controlled by medium- and large-sized companies, which are scaling back such "social" and "non-produc-

tive" assets as they approach the capitalist market.

The problem in developing Poland's tourist industry is far more complex than lack of money. In the past, there were few hotels, and there are not many today, beyond the vast network owned by Orbis, once the state tourism monopoly, which is now in the process

Holiday cottages become available

of being divided into separate commercial entities, with employees and managers owning most of the assets. Orbis hotels are a mixed bag, with most needing much renovation. There is little competition from other private hotels in most cities.

In addition, there is a vacuum in the most basic information about tourist attractions, from maps to computer-connected travel agencies, and the amenities that underlie any tourist industry: road signs, rest stops, cafes and equipment-rental shops.

There now are 7,000 travel agencies in the country,

and some communicate with each other via computers and reservations networks. Most do not.

A beginning has been made, however, in developing tourism facilities. Windsurfing is taking off as a water sport in the Mazury lake district, where local entrepreneurs are starting windsurfing camps, sailboat races and summer campgrounds.

Some enterprising village and town mayors from the Mazury Lake districts are looking for tourism models in rural France and Italy and returning home to help local farm families learn the basics of setting up a national bed-and-breakfast network.

A rare manually operated set of locks and dams on the interconnected lakes from Ostroda to Malbork is being renovated and will be introduced to a broader public this spring for boat trips from two hours to 15 hours long, as well as a high-speed boat trip to St. Petersburg and back.

Western-trained managers of new private travel agencies, such as Warsaw's Polish Travel/Quo Vadis, are working hard to attract foreign tourists, and new asso-



Credit cards are accepted in the new Warsaw, even by artists selling pictures on the street.

ciations of private tourist-industry owners have been organized by Polish Travel's Dariusz Palecki to compete for the foreign tourist trade. They also intend to put pressure on their towns and cities to cut through red tape that thwarts progress in setting up new cafes and tourist shops.

A foreign-owned agency, Will Rogers Travel, is helping the growing Western community explore the vast outdoors activities that Poles have known about all along, from mountain hiking to canoeing in the Mazury lakes.

Andrzej Voigt, a vice president of the State Foreign Investment Agency (PAIZ), is also on the board of Orbis and is helping coor-

dinate foreign-aid efforts to develop tourist potential in Poland. Help with tourism infrastructure is coming from the European Union's Phare Fund. The Foundation for Development of Polish Agriculture is helping rural women to set up bed and breakfasts for tourists.

"The demand is here," says Mr. Voigt. "This is becoming quite a competitive market. We need more tour operators within the country who will market Poland and prepare tourism offers. We have a countryside that is very interesting - old castles, old palaces, monuments, mountains, the sea - and this information is not well exploited. It's a big opportunity."

FIRST STEPS ON ROAD TO MASS SHARE-OWNING

By the middle of 1994, Poland's long-debated, often-delayed mass privatization program will take a big step forward when the government chooses managers for the National Investment Funds (NIFs), which will control a portfolio of 20 to 30 state-owned enterprises.

Up to 600 enterprises will eventually be included in the NIFs, and shares in most of them will be available through the stock exchange. All adult Poles will get a package of shares as their investment in Poland's transition to democratic capitalism. They can keep, sell or trade the shares. The experts expect all but about 500,000 of the 10 million eligible Poles to sell their shares.

The competition for fund managers was delayed for years by the recurring political paranoia about foreign influence. While such concerns as assuring that Poles had a sizable presence on the supervisory boards were addressed, the program went through many transformations. In the meantime, foreign investors had time to show that they would create jobs and wealth for the country.

More than three dozen investment bankers and other fund-management experts competed for the NIF management jobs, and thousands

more applied to be on the supervisory boards.

This is expected to be far more of a hands-on restructuring process than the normal management of an investment portfolio. It may also remain a political pressure cooker. If an enterprise can be made competitive only by shedding obsolete functions, the issue of what happens to the workers employed there will be closely watched by Parliament and the workers themselves.

"In American terms, this would be more like venture capital funds," says Jerzy Thieme, the godfather of the

Western money is channeled into Poland

NIFs and a former Citibank executive in London who has survived four different administrations to supervise the development of the NIFs. "In French terms, they would be seen as development funds. The point is, this is an active approach, not a passive role as would be true for trust funds." Ultimately, the NIF shares "will increase the capital market in Poland by 10 to 20 times the current level," Mr. Thieme says, with up to 470 companies going on the stock exchange through the NIFs in the coming years.

The value of the package of shares that will go to every Pole over the age of 18 will be set at around 50,000 zlotys (about \$22). Each Pole will then have the option of becoming a player on the market without having to pay steep brokerage fees. What that will buy, in terms of the worth of companies within the NIF portfolios, will have been set by the stock market itself. "We will avoid time-consuming asset evaluation processes," Mr. Thieme says. "The capital market role cannot be overestimated."

Three years ago, critics

worried that the market could not absorb a million "investment intangibles."

Mr. Thieme says, but the maturation of the stock market has eased those fears.

"We estimated that we might have 500,000 people actively involved as a result of these shares, and we already have more than 500,000 investment accounts open today," he adds.

The settlement of the London Club debt this spring was a major incentive for new investors to step in, and a half-dozen or more investment funds are in the works. The European Union's Phare Fund has commissioned a study of state-owned enterprises with between 250 and 500 employees that may be well-managed and profitable but had gotten lost in the urgent attempts to privatize the gigantic enterprises.

This group is also the focus of venture capitalist L.G. Bonar, who raised \$42 million for Polish investments by trading his International UNP Holdings, on the Toronto stock exchange. "We are the only foreign company that invests directly in Poland and whose stock is traded in the West," he says. Most of the shares are held by 30 large institutional investors, such as J.P. Morgan and Morgan Stanley. Mr. Bonar studied more than 500 enterprises, looked more closely at 50 and as of March had invested in three, with a half-dozen other deals contemplated in the next year.

Until now, the capital privatization process has been tortuous, partly because it has been so politicized, with signoffs from Workers Councils often given more freely than permission from key government ministries. Many state-owned enterprises became private through liquidations, with assets being divided for sale in separate parts rather than through the capital privatization process.

WEST MEETS EAST TO TALK ECONOMICS IN WARSAW

Poland is moving quickly to strengthen security and economic ties to the West through NATO's Partnership for Peace program and expanded links to the European Union, with the eventual aim of full Polish EU membership.

On May 6, Poland becomes the first of the former Soviet bloc satellites to host a meeting of the economic ministers of the

world's seven major industrialized countries (the G-7) and the economic chiefs from the region's 10 emerging democracies. The meeting will take place in Warsaw.

The sometimes overwhelming problems that face the 10 East European countries will once again be the main item on the agenda, along with the sort of help that can be expected from

Western governments and investors.

Poland takes pride in the choice of Warsaw as the site for the meeting, seeing it as an indicator of the pivotal role Poland can play internationally. The country offers an example of the boom that can be brought about by a change of direction from state socialism toward a market economy.

The meeting of ministers will be able to review far more rapid progress on both the security and economic fronts than was projected even a year ago. Pressure from Germany and the United States is reported to have been a major factor in broadening NATO's shared programs for training, passing information and even taking part in joint military maneuvers.

The management of the economy in Poland has been a major focus of the meeting. The Polish government has been working to attract Western investment and to improve the business environment. The meeting is expected to be a key event in Poland's economic development.



Can you rebuild a nation's industry without starting all over from scratch?

The collapse of the Comecon revealed a desolate industrial and economic Eastern European landscape - unwieldy structures operating inefficiently and creating large-scale abuse of the environment. So it's your problem, too.

Bankrupt economies can't rebuild themselves from scratch, but Western expertise and investment can be attracted to help. In May 1990, ABB formed a joint venture with two Polish companies lacking the key skills necessary to survive in a competitive world economy. Technology transfer agreements were signed, and the new ABB Zamech restructured every operating function, installing clear lines of responsibility. Within 18 months the Polish company had been transformed into a center of excellence for the manufacture of gas and steam turbines. Production times had been halved. And by 1991 ABB Zamech was using about one third less electricity, gas and water per unit of production.

Yes, you can. technology, skills and responsibility to local management can work wonders - both for the economy of Eastern Europe and the world we all share.

ABB Asea Brown Boveri Ltd., Reader Services Center, P.O. Box 822, CH-8021 Zurich

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May 5, 1984

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SPORTS

Barkley Makes Like Jordan, As Suns Sweep

The Associated Press

During the three-minute span in which Charles Barkley nailed three 3-pointers, dunked, stole the ball and hit a 15-foot jumper, the other players on the court in Oakland began to get the idea: Something special was taking place.

Barkley's shots — off-balance, under pressure, forced — continued to find the net. He finished that first quarter with 27 points en route

Suns shot 57 percent and the Warriors 58.

"It was a good workout," said Barkley, last season's MVP who has said this season will be his last. "It was three tough games. The first one was rough, the second one was rough and the third one was the roughest of them all."

Now Barkley gets a few days to rest his sore back while the Suns wait to find out who their second-round opponent will be: Houston or Portland. The Rockets lead that series, 2-1, with Game 4 in Portland on Friday night.

"I'm glad to have the time off," said the Phoenix coach, Paul Westphal. "Charles couldn't have played if this game was yesterday."

After two close games with the Warriors, the Suns found themselves in another battle. Trailing by 107-106 entering the final period, Phoenix built its lead to 125-117 with 7:35 to play when Barkley's three-point play gave him 50 points.

Golden State cut the lead to 131-129 with 2:07 left on a basket by Latrell Sprewell, who had 27 points, but could not get any closer. The Suns missed just three of their 19 shots in the final quarter.

The decision by Golden State's coach, Don Nelson, not to double-team Barkley proved pivotal. It certainly took Barkley by surprise.

After scoring the Suns' first 12 points, he ran by Nelson and asked: "You going to double me?"

"I hope it's not the last time I see single coverage," Barkley said later. "I kind of like it."

"Nobody thought he was going to make all his shots," Nelson said. "He had one of the most spectacular games I ever witnessed, as a player and as a coach."

Nets 93, Knicks 92 (OT): Chris Morris made his first free throws of the game with 1.5 seconds left in the overtime to set up a Game 4 on Friday night, again at the Meadowlands.

The Knicks rallied from a 16-point deficit in the second half, as the Nets scored only nine points in the fourth period on 2-for-16 shooting.

John Starks's 3-point shot gave New York a 90-89 lead with 1:04 left in overtime, but Armon Gilliam gave the lead back to the Nets with a dunk 21 seconds later. Patrick Ewing's baseline jumper put



Charles Barkley, driving by Byron Houston, scored a record 38 points in the first half, 56 in the game.

the Knicks back ahead, but Charles Oakley could not stop Morris's baseline drive, forcing him to foul. Morris finished with eight points.

Derrick Coleman finished with 25 points and 17 rebounds for the Nets, while Ewing led the Knicks with 27 points and 14 rebounds.

Braves 3, Marlins 0: Steve Avery pitched eight shutout innings as Atlanta, playing at home, ended its worst losing streak in two years.

The Braves, ending a four-game free fall, won for only the third time in 12 games. The last Atlanta had dropped 9 of 11 was April 13-24, 1993.

Fred McGriff tripled and scored on a wild pitch by Ryan Bowen in the seventh inning, and Atlanta added two runs in the eighth on Dave Justice's RBI single and Richie Lewis's wild pitch.

Mets 7, Giants 4: Bobby Bonilla hit two homers, the second a two-run shot in the seventh, as New York beat visiting San Francisco.

Bonilla, who homered in the sixth right-handed, hit his game-winning homer from the left side off Dave Burba, marking the fifth time in his career that he has hit homers from both sides in a game.

Expos 5, Dodgers 4: Tim Lincecum singled off Kevin Gross to drive in the winning run with two outs in the ninth at Montreal, playing at home, won for the 12th time in 14 games.

Astros 7, Pirates 4: Craig Biggio hit a go-ahead triple in the eighth and a two-run single in the ninth as Houston won in Pittsburgh.

Cardinals 6, Rockies 5: Bernard Gilkey hit a two-run homer in the ninth to cap a St. Louis rally in Denver.

The Cardinals trailed by 5-1 entering the eighth but scored three times against a faltering bullpen, and went ahead in the ninth when Todd Zeile doubled and Gilkey followed with his second homer.

Joe Canseco, who drove in four runs, and Juan Gonzalez homered for the Rangers. But Rick Reed and six relievers walked a team-record 13 batters.

Twins 6, Brewers 7: Shane Mack tripled home the go-ahead run with two outs in the ninth, and Minnesota won in Milwaukee.

Kirby Puckett singled off Graeme Lloyd and Mack followed with a line drive that glanced off John Jaha's glove at first base and rolled into the corner. Puckett slid home, barely ahead of a strong relay throw.

Matt Walbeck hit a grand slam for the Twins. Darryl Hamilton had four hits and drove in three runs for the Brewers.

After 0-12, The Cubs Get It Right

The Associated Press

Finally. The Chicago Cubs have not given their fans many victories to savor in the last 118 years, but the one at Wrigley Field on Wednesday has to rank up right up there with the big ones.

The Cubs stopped a club-record home losing streak at 12 games with a 5-2 victory over the Cincinnati Reds.

"They say one game doesn't make a season, but I say one win a life may have saved," said the Cubs' manager, Tom Treblehorn.

Chicago broke a 92-year-old club record Tuesday with their 12th

Sabatini's Long, Downward Spiral

By Robin Finn

New York Times Service

Don't confuse Gabriela Sabatini, whose bizarre hiatus from the tennis wimmer's circle has dragged on for more than two years, with Rip Van Winkle.

She is definitely not sleeping her career away; it just looks that way.

Sabatini can't remember exactly when she realized her results had begun to resemble the same long, restless night she's had almost every night for months on end.

And now Sabatini's perennial coach, Carlos Kirmayr, back to rescue her from tennis limbo after a year-long separation, can't sleep either.

Just what happened to turn this once-dynamic duo, a pair whose suitability for each other found its fairest reflection in Sabatini's 1990 U.S. Open trophy, into a couple of insomniacs? Two years on the WTA Tour without a single title would wreak havoc with the reputation of any top 10 player, not to mention the player once voted most likely to finance Steffi Graf out of the No. 1 ranking.

Professionally speaking, Sabatini's soul has been haunted for the past year, and this week, in lieu of Lourdes, she went back to Rome to try to exorcise an epic 33-event streak without a title.

The 1992 Italian Open represented the last time she departed a tournament weary from having won it, but the 1994 Italian provided no redemption. Wednesday, she suffered an embarrassing straight-sets loss to 58th-ranked Irina Spilica of Romania, stretching her slump to 34 tournaments.

"I played one of my worst matches ever," said the apologetic Argentine, who felt undone by her own tension.

With her uncommon blend of beauty and talent, Sabatini had infinite potential as the WTA's own girl in the portfolios of two major marketers. But these days, at age 23, she's 11-less.

Sabatini's strange sabbatical long — he signed on with Andre Sanchez, Sabatini's former coach, who was telling her "I was a player, but I was a player who was a player."

"I always go back to my roots," Sabatini said. "I want to be a player, and I want to be a player who is a player."

"We had success," she said. "We won anything but six months ago because I had the confidence to win. I was telling her, 'I was a player, but I was a player who was a player.'"

"First, the loss to Mary Jo," Sabatini said. "Then the loss to Jana Novotna, and then the loss to Andre Sanchez."

"I was losing to all kinds of people," Sabatini said. "I was losing to all kinds of people, and I was losing to all kinds of people."

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Smith Blows It, but Orioles Beat the A's Anyway

The Associated Press

For once, the Baltimore Orioles saved Lee Smith.

Smith blew a save chance for the first time this season and still the Orioles wound up with a 4-3 victory in the 10th inning as they beat the visiting Oakland Athletics on Wednesday night.

After Chris Sabo's bases-empty homer with two outs in the ninth off Dennis Eckersley put the Orioles ahead, 3-2, Smith relieved to start the bottom half. He entered the game with a 0.00 earned-run average and 12 saves in 12 appearances, but Troy Neel tied it with a one-out pinch-hit homer.

In the 10th, however, Jack Voigt reached on an error by Mike Brunley at third base and scored on a sacrifice fly by Mike Devereaux.

"We're confident when he comes in, he's going to close the door," Devereaux said of Smith. "He did it 12 times in a row, but I don't think there's a pitcher around who

could go the whole season without blowing a save.

"What was good about tonight was we were able to pick him up just like he's been picking us up all season," he said.

Smith was the winner, while Mark Williamson got the Orioles' AL ROUNDOUP

first save by someone other than Smith this year.

Eckersley has now blown all three of his save chances this season.

"I just didn't make the pitch," he said. "That's the way it's going. You have to catch a break sometimes. I've been playing a long time and things happen, but I guess you always have to be tested."

Rafael Palmeiro homered for the Orioles; Oakland tied it in the eighth on Ruben Sierra's RBI double off Alan Mills.

Angels 7, Yankees 6: Chad Curtis, the Angels' center fielder, made

outstanding plays on consecutive batters to stop New York from scoring in the top of the 13th, and Darmon Easley singled home in the bottom half as California ended its six-game losing streak and an eight-game skid at home.

Don Mattingly doubled with one out in the 10th for his fourth hit, but then Curtis went back and made a leaping catch on Gerald Williams's drive. Paul O'Neill followed with a single up the middle, and Curtis threw out Mattingly at the plate.

Tim Salmon had three hits and drove in three runs for the Angels. He scored on Chili Davis's double in the 10th after the Yankees took the lead in the top half when Mike Stanley raced home on a wild pitch.

White Sox 6, Indians 1: Wilson Alvarez won his 13th straight decision in two seasons, pitching a six-inning shutout as Chicago beat visiting Cleveland.

Alvarez, at 6-0, is only two shy of LaMarr Hoyt's team-record 15

straight victories in the regular season, set from July 1983 to April 1984. Alvarez also won once in the AL playoffs last October against Toronto.

Alvarez joined Ben McDonald and Bob Tewksbury for the best record in the majors this year.

Red Sox 4, Mariners 2: Mo Vaughn and Mike Greenwell homered as host Boston beat Seattle for its seventh straight victory.

The Red Sox have the best record in the majors at 20-7. They are 13-2 against AL West teams, none of which have a winning record.

Royals 4, Blue Jays 2: Felix Jose hit his first homer of the season, a two-run shot in the 10th that gave Kansas City its victory in Toronto.

Joe Carter had three hits and drove in two runs for the Blue Jays. Tigers 14, Rangers 7: Lou Whitaker hit a grand slam and a three-run homer as Detroit, playing at home, routed Texas.

Whitaker, who had missed the previous two games because of a

sore left foot, set a career high with seven RBIs.

Cecil Fielder hit his 200th homer in the majors, a drive that landed on the left-field roof at Tiger Stadium. Alan Trammell had three hits and drove in three runs for Detroit, and Travis Fryman homered.

Jose Canseco, who drove in four runs, and Juan Gonzalez homered for the Rangers. But Rick Reed and six relievers walked a team-record 13 batters.

Twins 6, Brewers 7: Shane Mack tripled home the go-ahead run with two outs in the ninth, and Minnesota won in Milwaukee.

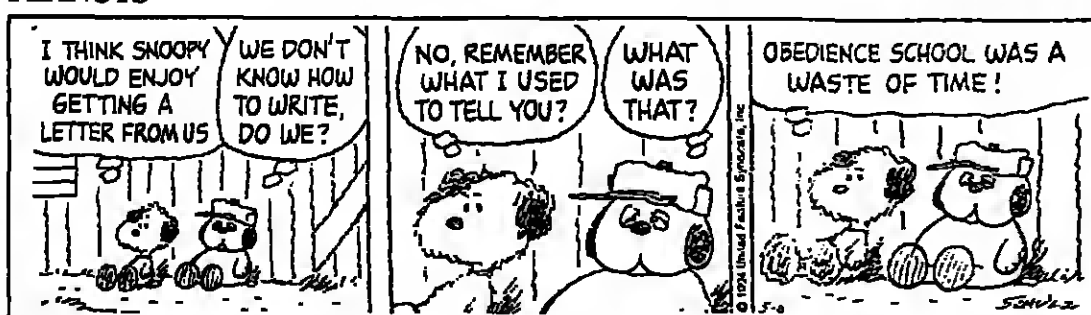
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Matt Walbeck hit a grand slam for the Twins. Darryl Hamilton had four hits and drove in three runs for the Brewers.

DENNIS THE MENACE



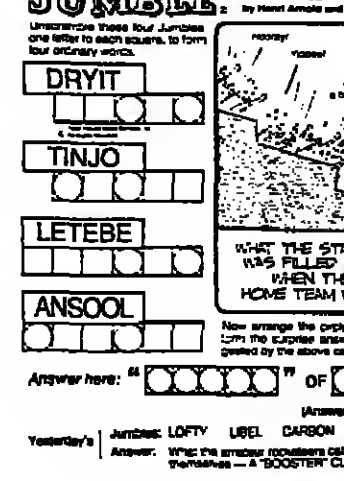
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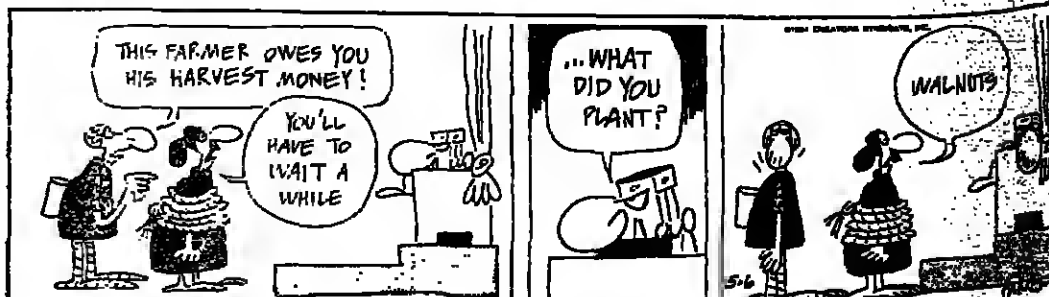
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SPORTS

For Argentines, Chance to Shine With Batistuta

By Ken Sledge

Argentina's national football team is looking for a star to lead them to the World Cup in the United States and Mexico. The team's coach, Carlos Kirmayr, has been looking for a star to lead them to the World Cup in the United States and Mexico.

Now no one, except perhaps the player himself, is a star in Argentina. Batistuta is a star in Argentina.

"That's what happens when you're not winning matches," Kirmayr said. "You're not winning matches, and you're not winning matches."

Eager to forget about his defeat, Sabatini has been looking for a star to lead them to the World Cup in the United States and Mexico.

"I always go back to my roots," Sabatini said. "I want to be a player, and I want to be a player who is a player."

And sometimes, according to Kirmayr, you don't find it.

The Brazilian magazine *Veja* decided all the Argentine

"The one match that took my confidence away was the loss to Mary Jo at the French."

their 40-week 1993 slump was starting to break. Sabatini was starting to break. Sabatini was starting to break.

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SPORTS

For Argentines,
Chance to Shine
With Batistuta

By Ken Shulman

Special to the Herald Tribune

FLORENCE — The defending world champions were in a fix. Less than six months separated Argentina from the opening match of the 1990 World Cup, and after more than half a dozen tryouts, the team's coach, Carlos Bilardo, still had not found a suitable center-forward.

In an act of desperation, Bilardo even tried to coax the former Real Madrid striker Jorge Valdano out of his two-year retirement to serve his country. And the aging, injury-wrought veteran proved to be just another faulty plug for the gaping hole in the middle of Argentina's attack.

In Italy, on the strength of Diego Maradona's left-footed magic, a series of strategic fouls, and especially of Sergio Goycochea's instinctive and reflexive goal during penalty shoot-outs, punless Argentina scraped its way into the 1990 World Cup final, where it lost, 1-0, to Germany.

But what might the scrappy South American team have done had it discovered Gabriel Batistuta just one year earlier. And what will it be able to do this summer in the United States, with him.

"I have always scored in decisive matches," said Batistuta, his long, blond hair sparkling in the late-afternoon sunlight at the Artemio Franchi Stadium. "The Argentine team depends on me for this, and up to now I have always responded."

Born in the town of Recoquista in the province of Santa Fe, Gabriel Omar Batistuta, 25, is now the final destination of nearly all of Argentina's offensive itineraries.

By now, the team plays for him, said Tony Imbrogia, his Italian agent. "He's the man in the middle who's supposed to convert the assists into goals."

"Gabriel is a classic center-forward," said Francesco (Ciccio) Balano, Batistuta's attack partner on the Fiorentina club team. "He knows how to get free in the penalty area; he has power in both feet, and he's very good in the air. And being so strong, he tends to draw more than one defender, opening up spaces for me and for his other teammates."

The son of an office worker who originally wanted him to be a doctor, Batistuta looks more like a blow-dried rock star than a rough-and-tumble goal-scoring ready to trade elbows and knees with ruthless Italian defenders. After finishing high school, Batistuta joined the junior club of the Newell's Old Boys and washed windows at the stadium after practices and matches to earn pocket money.

In 1990, he moved to Boca Juniors, and in his second year there scored 11 goals in 19 matches. His power, scoring ability and, most of all, his strong, assertive presence in the penalty area caught the attention of Alfio Basile, who coached the national team and summoned Batistuta for the 1991 South American championships.

Batistuta's second season at Boca also caught the eye of Vittorio Cecchi Gori, who had just become vice president of the Fiorentina club. Fiorentina had sent an observer to film Batistuta's Boca Juniors teammate Diego Latorre, a skillful dribbler and passer whom the Italian club had already signed.

While viewing the videotapes of Latorre, Cecchi Gori could not help but notice a tall, powerfully built center-forward who dominated the area around the opposition's goal mouth. That player was Batistuta. On the sole basis of the videotapes, Cecchi Gori purchased Batistuta for Fiorentina at a cost of \$4 million.

For Basile, and for Cecchi Gori, the bet on Batistuta paid off. In his first major tournament with the Argentine national team, Batistuta scored six goals to lead all scorers in the Copa America, spearheading his team to the South American championship. Firmly, Batistuta scored the winning goal in Argentina's 2-1 defeat of Colombia in the final.

In his first Italian season—a trial by fire that has stiffed some of the world's greatest talents—Batistuta responded with 13 goals. His scoring prowess—and his sexy, swaggering but somehow clean-cut appearance—immediately endeared him to the Fiorentina fans.

The following year, he scored 16 times in league play, but could not prevent Fiorentina from dropping into the second division. This year, with Fiorentina in first place and assured of returning to the first rank, Batistuta has scored 14 times.

With Maradona's glory having faded, and the suspension of Claudio Caniggia, Batistuta has also become the emblem of the Argentine team. In the 1993 Copa America, he scored three times to win its second consecutive continental title.

Then, during the tortuous World Cup qualifying campaign, he was the only player whose presence and role were never discussed by the obsessively critical Argentinean press. Still, more than anyone else, he supports the return of both those troubled players, Maradona and Caniggia, to the national team.

"Before he was suspended, Caniggia was the player who usually set me up for goals," Batistuta said. "And Maradona is still the greatest player in the world. He can turn around a match at any moment. With a pass, a cross or a free kick. He can make the difference even if he plays on one leg."

Although Argentina was anything but overwhelming during its qualifying run, Batistuta's club squeaked into the finals in the United States by downing Australia in a two-match play-off, 1-0, of which Argentina won, 1-0. Batistuta is sanguine about his country's chances this summer.

"Argentina was playing very well until the qualifying round," he said. "Then something went wrong. But I'm very confident about this team. All of our players are very good. We play an offensive game. Argentina has always focused more on our opponent's goal than on our own."

Batistuta knows that both his teammates and his countrymen expect a lot from him.

"If we're going to proceed in the tournament, it means that I will have to score," he said. "It's a big responsibility, because Argentina is not like other countries. In Argentina, they don't know how to lose. And when the team loses, it's a tragedy."

40 Years Down a Record Mile, Only Bannister's the Same

By Ian Thomson

International Herald Tribune

OXFORD, England — "So," Nourdinorelli Morceli was saying a little nervously the other day in London, "it was 40 years ago."

"Yes, yes," Sir Roger Bannister said. "Well," Morceli said — because what else could he say? — "I have been hearing about it all my life."

Forty years ago on Friday, Roger Bannister ran the first four-minute mile. The celebration has gathered around him 13 others who have held the world record in the mile.

Morceli seemed embarrassed to bring up the differences between them, for his current record of 3:44.39 would have beaten Bannister's time by 200 meters. Those differences fascinate Bannister. Standing alongside the 24-year-old Algerian for the television cameras and photographers, Bannister wanted to know what had changed, exactly. How many weeks do you train at high altitude, he asked out of the side of his mouth. Which is your favorite event? Shaking hands, another pose. Bannister turned to ask how an athlete like Morceli might evolve. Will you ever run the 5,000 meters? The 10,000 meters? And what, Dr. Bannister inquired, will you do afterward?

This question Morceli did not answer. "Do you have any plans for after you retire?" continued Bannister, but he was not badgering, he was examining. "By retirement, I mean when you are no longer running for your career. What will you do when you are 35?"

"I don't know," Morceli said. "I have no plans."

Bannister helped: "Will you be involved in some kind of coaching?" Morceli frowned. "Probably," he said. "Yes. Some kind of coaching."

It was not the innocence of the 1950s that created Roger Bannister, but rather the sincerity of his quest. He might not have been running in 1954 if it had not been for his disappointment in the 1952 Olympics in Helsinki, where he finished fourth in the 1,500 meters. The four-minute mile for which he was destined was supposed to be an impossibility, an ultimate test of the human spirit, but what Bannister wanted more than anything was to become a doctor.

He proved this by working out as little as 30 minutes a day, midst his medical training. It was as difficult for him to find that time 40 years ago as it is for most of us today to make it to the gymnasium after work. He did not even have time to warm up, to stretch before his training. The rest of us now are as professional as he was then.

The morning of his run 40 years ago was much like the morning which greeted him here Thursday at the Iliffe Road track where he gathered with the other famous milers. It was cold and rainy, and he was thinking of postponing his attempt on the record. His Austrian coach, Franz Stampf, warned Bannister that he might never forgive himself for not trying. One wonders whether Bannister remembers that advice each time he sees his friend, John Landy of Australia.

Bannister swears that his goal was not to run the mile in less than four minutes, but to beat Landy in the Empire Games at Vancouver that August. He knew that Landy was in Finland, preparing an attempt at the four-minute mile. He knew also that he could not beat Landy with a time of more than four minutes. Indeed, Landy would break Bannister's record within 46 days, with a time of 3:57.9 — but the anniversary will always be Bannister's, for better and for worse.

A half-hour before the race, Bannister decided, once and for all, to try. His training partners, Chris Chataway and Chris Brasher (the 1956 Olympic steeplechase champion), set the

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pace for him. Bannister hadn't trained for five

years—he believed rest made him edgier—and on the first lap he was yelling at Brasher to run faster. But Brasher held coolly to their plan. The first lap went down in 57.4 seconds, the split in 1:58.2 — they had expected 1:59. The penultimate lap was slower than they wanted, the bell sounding at 3:00.5.

"But I knew I could run a 59-second lap," Bannister said patiently. The four-minute mile has been surpassed more than 3,600 times, and Bannister has recounted his own many times more than that.

There were only a few reporters at the track in 1954, and one BBC camera, for the attempt was almost a secret. Its revelation overwhelmed the audience of 1,100 as Chataway fell behind and Bannister kicked into a higher speed for the final 250 meters. The most famous photograph of him — chest thrust forward, eyes shut and spent, and a young man squealing in the background — has taken on the aspects of a Norman Rockwell painting.

The track announcer was Norris McWhirter, who had helped Bannister plan his attempt and, along with his twin brother Ross, created the Guinness Book of World Records. He said, "Ladies and gentlemen, here is the result of

event No. 9, the one mile. First, No. 41, R.G. Bannister of the Amateur Athletic Association and formerly of Exeter and Merton Colleges, with a time which is a new meeting and track record and which, subject to ratification, will be a new English national, British national, all-comers, European, British Empire and world record. The time is three ...

The audience drowned out the rest of it: 3:59.4.

On Thursday morning, Roger Bannister, qualified as a doctor in 1955, knighted in 1975, was lured onto the Iliffe Road track once more. His black cinder surface has been replaced by a faster red synthetic tarring. The runner ever since became a neurologist, but our age has not maintained his perspective. There must have been 40 cameras operating on the track, the photographers asking him to walk the final steps he ran 40 years before.

"Stand there," one shouted at him, "just in front of the finish line."

You could almost read his mind as he stood, 65 years old, only the center of his face reminiscent of the mile, and the rain pelting his bald head. If it had been like this 40 years ago he would have clenched a fist and smiled graciously. He would not have had time for this 40 years ago.

Norman Howell, spokesman for McLaren, the team for which Sena actually has to stop outside the garage and then 20 guys in flameproof suits clutching pneumatic guns and fuel nozzles and God knows what else suddenly descend on the car, trip over each other?

"Racing drivers being what they are, which is racing drivers, and needing to go as fast as possible, the guy's going to roar down the pit lane as fast as he possibly can," Howell added.

"Nothing has changed," he said. "In all honesty," Howell said, "our most senior engineers received this communication of FIA's new rules 'and are looking at it and not understanding it.'"

Speaking of the first change, intended to reduce pit speeds by putting curves at the entries and exits to the pit lanes, he added: "Our next race is in Monaco, where the pit lane is ridiculously small and narrow anyway. So we don't quite know what they're going to do there."

Johnny Rives, the auto racing guru for the influential French sports daily L'Equipe, summed up the reaction of many when he wrote, "The revolution in technical rules wanted by some and feared by others has not occurred."

"The FIA has not taken a single decision of importance."

What most exercised Rives and others was that no changes had been made in the technical rules governing the cars themselves.

Harvey Postlethwaite, managing director and technical director of the Tyrrell-Yamaha team, said that although it would be hard, in the long run it would be necessary to cut the speeds of the Formula One cars.

"A two-and-a-half-liter car today will go much faster than a two-and-a-half-liter car 20 years ago. So there is a continual development and you have at some stage to start to rein the thing in."

And I think that nobody envisaged the amount of power that would be possible to get from the size of engines that we use currently."

"It's probably necessary at some time in the near future for some limitations to be put on what can be got out of these engines."

But Ian Phillips of the Jordan-Hart team addressed the obverse side of that problem.

"Motor racing is about speed," he said. "It has always been a dangerous sport. That is not to say that anybody wants it to be unnecessary. So we're very lucky for a number of years now."

First Period—1. Toronto, 2. Detroit, 3. Pittsburgh, 4. Philadelphia, 5. New York, 6. Washington, 7. Boston, 8. Montreal, 9. St. Louis, 10. Chicago, 11. Minnesota, 12. Dallas, 13. San Jose, 14. Vancouver, 15. Los Angeles, 16. Anaheim, 17. San Diego, 18. Colorado, 19. New Jersey, 20. New York, 21. Philadelphia, 22. Pittsburgh, 23. Toronto, 24. Detroit, 25. St. Louis, 26. Chicago, 27. Minnesota, 28. Dallas, 29. San Jose, 30. Vancouver, 31. Los Angeles, 32. Anaheim, 33. San Diego, 34. Colorado, 35. New Jersey, 36. New York, 37. Philadelphia, 38. Pittsburgh, 39. Toronto, 40. Detroit, 41. St. Louis, 42. Chicago, 43. Minnesota, 44. Dallas, 45. San Jose, 46. Vancouver, 47. Los Angeles, 48. Anaheim, 49. San Diego, 50. Colorado, 51. New Jersey, 52. New York, 53. Philadelphia, 54. Pittsburgh, 55. Toronto, 56. Detroit, 57. St. Louis, 58. Chicago, 59. Minnesota, 60. Dallas, 61. San Jose, 62. Vancouver, 63. Los Angeles, 64. Anaheim, 65. San Diego, 66. Colorado, 67. New Jersey, 68. New York, 69. Philadelphia, 70. Pittsburgh, 71. Toronto, 72. Detroit, 73. St. Louis, 74. Chicago, 75. Minnesota, 76. Dallas, 77. San Jose, 78. Vancouver, 79. Los Angeles, 80. Anaheim, 81. San Diego, 82. Colorado, 83. New Jersey, 84. New York, 85. Philadelphia, 86. Pittsburgh, 87. Toronto, 88. Detroit, 89. St. Louis, 90. Chicago, 91. Minnesota, 92. Dallas, 93. San Jose, 94. Vancouver, 95. Los Angeles, 96. Anaheim, 97. San Diego, 98. Colorado, 99. New Jersey, 100. New York, 101. Philadelphia, 102. Pittsburgh, 103. Toronto, 104. Detroit, 105. St. Louis, 106. Chicago, 107. Minnesota, 108. Dallas, 109. San Jose, 110. Vancouver, 111. Los Angeles, 112. Anaheim, 113. San Diego, 114. Colorado, 115. New Jersey, 116. New York, 117. Philadelphia, 118. Pittsburgh, 119. Toronto, 120. Detroit, 121. St. Louis, 122. Chicago, 123. Minnesota

